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STATUTES OF CALIFORNIA

AND DIGESTS OF MEASURES

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Constitution of 1879 as Amended

Measures Submitted to Vote of Electors,
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General Laws, Amendments to the Codes,
and Resolutions passed by the
California Legislature

2005–06 Regular Session
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Compiled by
DIANE F. BOYER-VINE
Legislative Counsel

CHAPTER 78

An act to amend Section 8263.4 of, and to add Section 8227 to the Education Code, to amend Section 17311 of the Family Code, to add Sections 11798 and 12803.3 to the Government Code, to amend Sections 1522, 1596.871, 11970.4, 128200, 128205, 128210, 128215, 128224, 128225, 128230, and 128235 of, and to add Sections 11970.2 and 128240.1 to, the Health and Safety Code, to amend Section 1611.5 of the Unemployment Insurance Code, to amend Sections 9102, 9654, 9660, 9661, 9662, 9757.5, 10075.6, 10823, 11322.8, 11453, 11462, 12201, 12201.03, 12201.05, 12305.1, and 15204.2 of, to amend the heading of Article 2 (commencing with Section 9660) of Chapter 10.5 of Division 8.5 of, to add Sections 10609.8, 11522, 15204.6, 16500.9, 16501.7, 18355.5, and 18926 to, to repeal Section 10823.1 of, and to repeal and amend Section 15200 of, the Welfare and Institutions Code, and to amend Section 64 of Chapter 229 of the Statutes of 2004, relating to human services, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 8227 is added to the Education Code, to read:

8227. (a) To the extent that funding is made available for this purpose through the annual Budget Act, the alternative payment agency in each county shall design, maintain, and administer a system to consolidate local child care waiting lists so as to establish a countywide centralized eligibility list. In those counties with more than one alternative payment agency, the agency that also administers the resource and referral program shall have the responsibility of developing, maintaining, and administering the countywide centralized eligibility list. In those counties with more than one alternative payment agency and more than one resource and referral program, the State Department of Education shall establish a process to select the agency to develop, maintain, and administer the countywide centralized eligibility list.

(b) Notwithstanding subdivision (a), in those counties in which a countywide centralized eligibility list exists, as of the date that the act adding this section is enacted, the entity administering that list may receive funding, instead of the entity specified under subdivision (a).

(c) Each centralized eligibility list shall include all of the following:

(1) Family characteristics, including ZIP Code of residence, ZIP Code of employment, monthly income, and size.

(2) Child characteristics, including birth date and whether the child has special needs.

(3) Service characteristics, including reason for need, whether full-time or part-time service is requested, and whether after hours or weekend care is requested.

(d) Information collected for the centralized eligibility list shall be reported to the Superintendent of Public Instruction on an annual basis on the date and in the manner determined by the State Department of Education.

(e) (1) To be eligible to enter into an agreement with the department to provide subsidized child care, a contractor shall participate in and use the centralized eligibility list.

(2) A contractor with a campus child care and development program operating pursuant to Section 66060, migrant child care and development program operating on a seasonal basis pursuant to Section 8230, or program serving severely handicapped children pursuant to subdivision (d) of Section 8250 and who has a local site waiting list shall submit eligibility list information to the centralized eligibility list administrator for any parent seeking subsidized child care for whom these programs are not able to provide child care and development services. A child care and development contractor or program described in this paragraph may utilize any waiting lists developed at its local site to fill vacancies for its specific population. Families enrolled from a local site waiting list shall be enrolled pursuant to Section 8263.

SEC. 2. Section 8263.4 of the Education Code is amended to read:

8263.4. (a) The preferred placement for children who are 11 or 12 years of age and who are otherwise eligible for subsidized child care services shall be in a before or after school program.

(b) Children who are 11 or 12 years of age shall be eligible for subsidized child care services only for the portion of care needed that is not available in a before or after school program provided pursuant to Article 22.5 (commencing with Section 8482) of Chapter 2 or Article 22.6 (commencing with Section 8484.7) of Chapter 2. Contractors shall provide each family of an eligible 11 or 12 year old with the option of combining care provided in a before or after school program with subsidized child care in another setting, for those hours within a day when the before or after school program does not operate, in order to meet the child care needs of the family.

(c) Children who are 11 or 12 years of age, who are eligible for and who are receiving subsidized child care services, and for whom a before

or after school program is not available, shall continue to receive subsidized child care services.

(d) A before or after school program shall be considered not available when a parent certifies in writing, on a form provided by the State Department of Education that is translated into the parent's primary language pursuant to Sections 7295.4 and 7296.2 of the Government Code, the reason or reasons why the program would not meet the child care needs of the family. The reasons why a before or after school program shall be considered not available shall include, but not be limited to, any of the following:

(1) The program does not provide services when needed during the year, such as during the summer, school breaks, or intersession.

(2) The program does not provide services when needed during the day, such as in the early morning, evening, or weekend hours.

(3) The program is too geographically distant from the child's school of attendance.

(4) The program is too geographically distant from the parent's residence.

(5) Use of the program would create substantial transportation obstacles for the family.

(6) Any other reason that makes the use of before or after school care inappropriate for the child or burdensome on the family.

(e) If an 11 or 12 year old child who is enrolled in a subsidized child development program becomes ineligible for subsidized child care under subdivision (b) and is disenrolled from the before or after school program, or if the before or after school program no longer meets the child care needs of the family, the child shall be given priority to return to the subsidized child care services upon the parent's notification of the contractor of the need for child care.

(f) This section does not apply to an 11 or 12 year old child with a disability, including a child with exceptional needs who has an individual education plan as required by the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), or Part 30 (commencing with Section 56000) of this code.

(g) The savings generated each contract year by the implementation of the changes made to this section by the act amending this section during the 2005 portion of the 2005-06 Regular Session shall remain with each alternative payment program, child development center, or other contractor for the provision of child care services, except for care provided by programs pursuant to Article 15.5 (commencing with Section 8350). Each contractor shall report annually to the department the amount of savings resulting from this implementation, and the department shall

report annually to the Legislature the amount of savings statewide resulting from that implementation.

SEC. 3. Section 64 of Chapter 229 of the Statutes of 2004 is amended to read:

Sec. 64. It is the intent of the Legislature to address the issue of child care in and out of market rate differentiation in the statutory process. Therefore, Sections 18074.3 and 18074.4 of Title 5 of the California Code of Regulations, as filed with the Office of Administrative Law by the State Department of Education, and any contractual or regulatory provisions related to those two sections, shall not become effective until July 1, 2006.

SEC. 6. Section 17311 of the Family Code is amended to read:

17311. (a) The Child Support Payment Trust Fund is hereby created in the State Treasury. The department shall administer the fund.

(b) (1) The state may deposit child support payments received by the State Disbursement Unit, including those amounts that result in overpayment of child support, into the Child Support Payment Trust Fund, for the purpose of processing and providing child support payments. Notwithstanding Section 13340 of the Government Code, the fund is continuously appropriated for the purposes of disbursing child support payments from the State Disbursement Unit.

(2) The state share of the interest and other earnings that accrue on the fund shall be available to the department and used to offset the following General Fund costs in this order:

(A) Any transfers made to the Child Support Payment Trust Fund from the General Fund.

(B) The cost of administering the State Disbursement Unit, subject to appropriation by the Legislature.

(C) Other child support program activities, subject to appropriation by the Legislature.

(c) The department may establish and administer a revolving account in the Child Support Payment Trust Fund in an amount not to exceed six hundred million dollars ($600,000,000) to ensure the timely disbursement of child support. This amount may be adjusted by the Director of Finance upon notification of the Legislature as required, to meet payment timeframes required under federal law.

(d) It is the intent of the Legislature to provide transfers from the General Fund to provide startup funds for the Child Support Payment Trust Fund so that, together with the balances transferred pursuant to Section 17311.7, the Child Support Payment Trust Fund will have sufficient cash on hand to make all child support payments within the required timeframes.

(e) Notwithstanding any other provision of law, an ongoing loan shall be made available from the General Fund, from funds not otherwise appropriated, to the Child Support Payment Trust Fund, not to exceed one hundred fifty million dollars ($150,000,000) to ensure the timely disbursement of child support payments when funds have not been recorded to the Child Support Payment Trust Fund or due to other fund liabilities, including, but not limited to, Internal Revenue Service negative adjustments to tax intercept payments. Whenever an adjustment of this amount is required to meet payment timeframes under federal law, the amount shall be adjusted after approval of the Director of Finance. In conjunction with the Department of Finance and the Controller's office, the department shall establish repayment procedures to ensure the outstanding loan balance does not exceed the average daily cash needs. The ongoing evaluation of the fund as detailed in these procedures shall occur no less frequently than monthly.

SEC. 7. Section 11798 is added to the Government Code, to read:

11798. (a) There is hereby established in the State Treasury, the Office of Systems Integration Fund. The moneys in the fund shall be available upon appropriation by the Legislature for expenditure by the Office of Systems Integration, established pursuant to Section 12803.3, for support of that office.

(b) The fund shall consist of all of the following:

(1) All moneys appropriated to the fund in accordance with law.

(2) The balance of all moneys available for expenditure by the Systems Integration Division of the California Health and Human Services Agency Data Center.

(3) The amount of funding transferred from the California Health and Human Services Agency Data Center Revolving Fund and the Department of Technology Services Revolving Fund to this fund shall be determined by the Department of Finance.

(4) Funds appropriated to the State Department of Social Services in the annual Budget Act for the management, including as needed, procurement, design, development, testing, implementation, oversight, and maintenance, of the following projects shall be transferred to this fund upon order of the Department of Finance:

(A) Statewide Automated Welfare System (SAWS).

(B) Child Welfare Services/Case Management System (CWS/CMS).

(C) Electronic Benefit Transfer (EBT).

(D) Statewide Fingerprinting Imaging System (SFIS).

(E) Case Management Information Payrolling System (CMIPS) Reprocurement.

(c) (1) Funds appropriated to the Employment Development Department in the annual Budget Act for the management, including

procurement, design, development, testing, implementation, oversight, and maintenance, of the Unemployment Insurance Modernization project shall be transferred to the fund upon order of the Department of Finance.

(2) On or before full expenditure of federal Reed Act funds, the Department of Finance and the Employment Development Department shall determine the appropriate timeframe to transfer the project management and the associated resources for the Unemployment Insurance Modernization Project to the Employment Development Department.

SEC. 8. Section 12803.3 is added to the Government Code, to read:

12803.3. (a) For purposes of this section, the following definitions shall apply:

(1) "Director" means the Director of the Office of Systems Integration.

(2) "Office" means the Office of Systems Integration.

(3) "Services" means all functions, responsibilities, and services deemed to be functions, responsibilities, and services of the Systems Integration Division, also known as Systems Management Services, of the California Health and Human Services Agency Data Center, as determined by the Secretary of California Health and Human Services.

(b) (1) The Systems Integration Division of the California Health and Human Services Agency Data Center is hereby transferred to the California Health and Human Services Agency and shall be known as the Office of Systems Integration. The Office of Systems Integration shall be the successor to, and is vested with, all of the duties, powers, purposes, responsibilities, and jurisdiction of the Systems Integration Division of the California Health and Human Services Agency Data Center.

(2) Notwithstanding any other law, all services of the Systems Integration Division of the California Health and Human Services Agency Data Center shall become the services of the Office of Systems Integration.

(c) The office shall be under the supervision of a director, known as the Director of the Office of Systems Integration, who shall be appointed by, and serve at the pleasure of, the Secretary of California Health and Human Services.

(d) No contract, lease, license, or any other agreement to which the California Health and Human Services Data Center is a party on the date of the transfer as described in paragraph (1) of subdivision (b) shall be void or voidable by reason of this section, but shall continue in full force and effect. The office shall assume from the California Health and Human Services Data Center all of the rights, obligations, and duties of the Systems Integration Division. This assumption of rights, obligations,

and duties shall not affect the rights of the parties to the contract, lease, license, or agreement.

(e) All books, documents, records, and property of the Systems Integration Division shall be in the possession and under the control of the office.

(f) All officers and employees of the Systems Integration Division shall be designated as officers and employees of the agency. The status, position, and rights of any officer or employee shall not be affected by this designation and all officers and employees shall be retained by the agency pursuant to the applicable provisions of the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5), except as to any position that is exempt from civil service.

(g) (1) All contracts, leases, licenses, or any other agreements to which the California Health and Human Services Data Center is a party regarding any of the following are hereby assigned from the California Health and Human Services Data Center to the office:

(A) Statewide Automated Welfare System (SAWS).

(B) Child Welfare Services/Case Management System (CWS/CMS).

(C) Electronic Benefit Transfer (EBT).

(D) Statewide Fingerprinting Imaging System (SFIS).

(E) Case Management Information Payrolling System (CMIPS).

(F) Employment Development Department Unemployment Insurance Modernization (UIMOD) Project.

(2) All other contracts, leases, or agreements necessary or related to the operation of the Systems Integration Division of the California Health and Human Services Data Center are hereby assigned from the California Health and Human Services Data Center to the office.

(h) It is the intent of the Legislature that the transfer of the Systems Integration Division of the California Health and Human Services Agency Data Center pursuant to this section shall be retroactive to the passage and enactment of the Budget Act of 2005 and that existing employees of the Systems Integration Division of the California Health and Human Services Agency Data Center and the newly established Office of Systems Integration shall not be negatively impacted by the reorganization and transfer conducted pursuant to this section.

(i) It is the intent of the Legislature to review fully implemented information technology projects managed by the office to assess the viability of placing the management responsibility for those projects in the respective program department.

(j) On or before April 1, 2006, the Department of Finance shall report to the Chairperson of the Joint Legislative Budget Committee the date that the administration shall conduct an assessment for each of the projects managed by the office. The California Health and Human

Services Agency, the California Health and Human Services Agency Data Center, or its successor, the State Department of Social Services, and the office shall provide to the Department of Finance all information and analysis the Department of Finance deems necessary to conduct the assessment required by this section. Each assessment shall consider the costs, benefits, and any associated risks of maintaining the project management responsibility in the office and of moving the project management responsibility to its respective program department.

(k) The California Health and Human Services Agency shall not place or transfer information technology projects in the office, without further legislation authorizing these activities.

SEC. 9. Section 1522 of the Health and Safety Code is amended to read:

1522. The Legislature recognizes the need to generate timely and accurate positive fingerprint identification of applicants as a condition of issuing licenses, permits, or certificates of approval for persons to operate or provide direct care services in a community care facility, foster family home, or a certified family home of a licensed foster family agency. Therefore, the Legislature supports the use of the fingerprint live-scan technology, as identified in the long-range plan of the Department of Justice for fully automating the processing of fingerprints and other data by the year 1999, otherwise known as the California Crime Information Intelligence System (CAL-CII), to be used for applicant fingerprints. It is the intent of the Legislature in enacting this section to require the fingerprints of those individuals whose contact with community care clients may pose a risk to the clients' health and safety.

(a) (1) Before issuing a license or special permit to any person or persons to operate or manage a community care facility, the State Department of Social Services shall secure from an appropriate law enforcement agency a criminal record to determine whether the applicant or any other person specified in subdivision (b) has ever been convicted of a crime other than a minor traffic violation or arrested for any crime specified in Section 290 of the Penal Code, for violating Section 245 or 273.5, of the Penal Code, subdivision (b) of Section 273a of the Penal Code, or, prior to January 1, 1994, paragraph (2) of Section 273a of the Penal Code, or for any crime for which the department cannot grant an exemption if the person was convicted and the person has not been exonerated.

(2) The criminal history information shall include the full criminal record, if any, of those persons, and subsequent arrest information pursuant to Section 11105.2 of the Penal Code.

(3) Except during the 2003-04, 2004-05, and 2005-06 fiscal years, neither the Department of Justice nor the State Department of Social

Services may charge a fee for the fingerprinting of an applicant for a license or special permit to operate a facility providing nonmedical board, room, and care for six or less children or for obtaining a criminal record of the applicant pursuant to this section.

(4) The following shall apply to the criminal record information:

(A) If the State Department of Social Services finds that the applicant, or any other person specified in subdivision (b), has been convicted of a crime other than a minor traffic violation, the application shall be denied, unless the director grants an exemption pursuant to subdivision (g).

(B) If the State Department of Social Services finds that the applicant, or any other person specified in subdivision (b) is awaiting trial for a crime other than a minor traffic violation, the State Department of Social Services may cease processing the application until the conclusion of the trial.

(C) If no criminal record information has been recorded, the Department of Justice shall provide the applicant and the State Department of Social Services with a statement of that fact.

(D) If the State Department of Social Services finds after licensure that the licensee, or any other person specified in paragraph (2) of subdivision (b), has been convicted of a crime other than a minor traffic violation, the license may be revoked, unless the director grants an exemption pursuant to subdivision (g).

(E) An applicant and any other person specified in subdivision (b) shall submit a second set of fingerprints to the Department of Justice for the purpose of searching the criminal records of the Federal Bureau of Investigation, in addition to the criminal records search required by this subdivision. If an applicant and all other persons described in subdivision (b) meet all of the conditions for licensure, except receipt of the Federal Bureau of Investigation's criminal history information for the applicant or any of the persons described in subdivision (b), the department may issue a license if the applicant and each person described in subdivision (b) has signed and submitted a statement that he or she has never been convicted of a crime in the United States, other than a traffic infraction, as defined in paragraph (1) of subdivision (a) of Section 42001 of the Vehicle Code. If, after licensure, the department determines that the licensee or any other person specified in subdivision (b) has a criminal record, the license may be revoked pursuant to Section 1550. The department may also suspend the license pending an administrative hearing pursuant to Section 1550.5.

(b) (1) In addition to the applicant, this section shall be applicable to criminal convictions of the following persons:

(A) Adults responsible for administration or direct supervision of staff.

(B) Any person, other than a client, residing in the facility.

(C) Any person who provides client assistance in dressing, grooming, bathing, or personal hygiene. Any nurse assistant or home health aide meeting the requirements of Section 1338.5 or 1736.6, respectively, who is not employed, retained, or contracted by the licensee, and who has been certified or recertified on or after July 1, 1998, shall be deemed to meet the criminal record clearance requirements of this section. A certified nurse assistant and certified home health aide who will be providing client assistance and who falls under this exemption shall provide one copy of his or her current certification, prior to providing care, to the community care facility. The facility shall maintain the copy of the certification on file as long as care is being provided by the certified nurse assistant or certified home health aide at the facility. Nothing in this paragraph restricts the right of the department to exclude a certified nurse assistant or certified home health aide from a licensed community care facility pursuant to Section 1558.

(D) Any staff person, volunteer, or employee who has contact with the clients.

(E) If the applicant is a firm, partnership, association, or corporation, the chief executive officer or other person serving in like capacity.

(F) Additional officers of the governing body of the applicant, or other persons with a financial interest in the applicant, as determined necessary by the department by regulation. The criteria used in the development of these regulations shall be based on the person's capability to exercise substantial influence over the operation of the facility.

(2) The following persons are exempt from the requirements applicable under paragraph (1):

(A) A medical professional as defined in department regulations who holds a valid license or certification from the person's governing California medical care regulatory entity and who is not employed, retained, or contracted by the licensee if all of the following apply:

(i) The criminal record of the person has been cleared as a condition of licensure or certification by the person's governing California medical care regulatory entity.

(ii) The person is providing time-limited specialized clinical care or services.

(iii) The person is providing care or services within the person's scope of practice.

(iv) The person is not a community care facility licensee or an employee of the facility.

(B) A third-party repair person or similar retained contractor if all of the following apply:

(i) The person is hired for a defined, time-limited job.

(ii) The person is not left alone with clients.

(iii) When clients are present in the room in which the repairperson or contractor is working, a staff person who has a criminal record clearance or exemption is also present.

(C) Employees of a licensed home health agency and other members of licensed hospice interdisciplinary teams who have a contract with a client or resident of the facility and are in the facility at the request of that client or resident's legal decisionmaker. The exemption does not apply to a person who is a community care facility licensee or an employee of the facility.

(D) Clergy and other spiritual caregivers who are performing services in common areas of the community care facility or who are advising an individual client at the request of, or with the permission of, the client or legal decisionmaker, are exempt from fingerprint and criminal background check requirements imposed by community care licensing. This exemption does not apply to a person who is a community care licensee or employee of the facility.

(E) Members of fraternal, service, or similar organizations who conduct group activities for clients if all of the following apply:

(i) Members are not left alone with clients.

(ii) Members do not transport clients off the facility premises.

(iii) The same organization does not conduct group activities for clients more often than defined by the department's regulations.

(3) In addition to the exemptions in paragraph (2), the following persons in foster family homes, certified family homes, and small family homes are exempt from the requirements applicable under paragraph (1):

(A) Adult friends and family of the licensee who come into the home to visit for a length of time no longer than defined by the department in regulations, provided that the adult friends and family of the licensee are not left alone with the foster children.

(B) Parents of a foster child's friends when the foster child is visiting the friend's home and the friend, foster parent, or both are also present.

(4) In addition to the exemptions specified in paragraph (2), the following persons in adult day care and adult day support centers are exempt from the requirements applicable under paragraph (1):

(A) Unless contraindicated by the client's individualized program plan (IPP) or needs and service plan, a spouse, significant other, relative, or close friend of a client, or an attendant or a facilitator for a client with a developmental disability if the attendant or facilitator is not employed,

retained, or contracted by the licensee. This exemption applies only if the person is visiting the client or providing direct care and supervision to the client.

(B) A volunteer if all of the following applies:

(i) The volunteer is supervised by the licensee or a facility employee with a criminal record clearance or exemption.

(ii) The volunteer is never left alone with clients.

(iii) The volunteer does not provide any client assistance with dressing, grooming, bathing, or personal hygiene other than washing of hands.

(5) (A) In addition to the exemptions specified in paragraph (2), the following persons in adult residential and social rehabilitation facilities, unless contraindicated by the client's individualized program plan (IPP) or needs and services plan, are exempt from the requirements applicable under paragraph (1): a spouse, significant other, relative, or close friend of a client, or an attendant or a facilitator for a client with a developmental disability if the attendant or facilitator is not employed, retained, or contracted by the licensee. This exemption applies only if the person is visiting the client or providing direct care and supervision to that client.

(B) Nothing in this subdivision shall prevent a licensee from requiring a criminal record clearance of any individual exempt from the requirements of this section, provided that the individual has client contact.

(6) Any person similar to those described in this subdivision, as defined by the department in regulations.

(c) (1) Subsequent to initial licensure, any person specified in subdivision (b) and not exempted from fingerprinting shall, as a condition to employment, residence, or presence in a community care facility, be fingerprinted and sign a declaration under penalty of perjury regarding any prior criminal convictions. The licensee shall submit these fingerprints to the Department of Justice, along with a second set of fingerprints for the purpose of searching the records of the Federal Bureau of Investigation, or to comply with paragraph (1) of subdivision (h), prior to the person's employment, residence, or initial presence in the community care facility. These fingerprints shall be on a card provided by the State Department of Social Services or sent by electronic transmission in a manner approved by the State Department of Social Services and the Department of Justice for the purpose of obtaining a permanent set of fingerprints, and shall be submitted to the Department of Justice by the licensee. A licensee's failure to submit fingerprints to the Department of Justice or to comply with paragraph (1) of subdivision (h), as required in this section, shall result in the citation of a deficiency and the immediate assessment of civil penalties in the amount of one

hundred dollars ($100) per violation, per day for a maximum of five days, unless the violation is a second or subsequent violation within a 12-month period in which case the civil penalties shall be in the amount of one hundred dollars ($100) per violation for a maximum of 30 days, and shall be grounds for disciplining the licensee pursuant to Section 1550. The department may assess civil penalties for continued violations as permitted by Section 1548. The fingerprints shall then be submitted to the State Department of Social Services for processing. Upon request of the licensee, who shall enclose a self-addressed stamped postcard for this purpose, the Department of Justice shall verify receipt of the fingerprints.

(2) Within 14 calendar days of the receipt of the fingerprints, the Department of Justice shall notify the State Department of Social Services of the criminal record information, as provided for in subdivision (a). If no criminal record information has been recorded, the Department of Justice shall provide the licensee and the State Department of Social Services with a statement of that fact within 14 calendar days of receipt of the fingerprints. Documentation of the individual's clearance or exemption shall be maintained by the licensee and be available for inspection. If new fingerprints are required for processing, the Department of Justice shall, within 14 calendar days from the date of receipt of the fingerprints, notify the licensee that the fingerprints were illegible. When live-scan technology is operational, as defined in Section 1522.04, the Department of Justice shall notify the State Department of Social Services, as required by that section, and shall also notify the licensee by mail, within 14 days of electronic transmission of the fingerprints to the Department of Justice, if the person has no criminal history recorded. A violation of the regulations adopted pursuant to Section 1522.04 shall result in the citation of a deficiency and an immediate assessment of civil penalties in the amount of one hundred dollars ($100) per violation, per day for a maximum of five days, unless the violation is a second or subsequent violation within a 12-month period in which case the civil penalties shall be in the amount of one hundred dollars ($100) per violation for a maximum of 30 days, and shall be grounds for disciplining the licensee pursuant to Section 1550. The department may assess civil penalties for continued violations as permitted by Section 1548.

(3) Except for persons specified in paragraph (2) of subdivision (b), the licensee shall endeavor to ascertain the previous employment history of persons required to be fingerprinted under this subdivision. If it is determined by the State Department of Social Services, on the basis of the fingerprints submitted to the Department of Justice, that the person has been convicted of, or is awaiting trial for, a sex offense against a

minor, or has been convicted for an offense specified in Section 243.4, 273a, 273d, 273g, or 368 of the Penal Code, or a felony, the State Department of Social Services shall notify the licensee to act immediately to terminate the person's employment, remove the person from the community care facility, or bar the person from entering the community care facility. The State Department of Social Services may subsequently grant an exemption pursuant to subdivision (g). If the conviction or arrest was for another crime, except a minor traffic violation, the licensee shall, upon notification by the State Department of Social Services, act immediately to either (1) terminate the person's employment, remove the person from the community care facility, or bar the person from entering the community care facility; or (2) seek an exemption pursuant to subdivision (g). The State Department of Social Services shall determine if the person shall be allowed to remain in the facility until a decision on the exemption is rendered. A licensee's failure to comply with the department's prohibition of employment, contact with clients, or presence in the facility as required by this paragraph shall be grounds for disciplining the licensee pursuant to Section 1550.

(4) The department may issue an exemption on its own motion pursuant to subdivision (g) if the person's criminal history indicates that the person is of good character based on the age, seriousness, and frequency of the conviction or convictions. The department, in consultation with interested parties, shall develop regulations to establish the criteria to grant an exemption pursuant to this paragraph.

(5) Concurrently with notifying the licensee pursuant to paragraph (3), the department shall notify the affected individual of his or her right to seek an exemption pursuant to subdivision (g). The individual may seek an exemption only if the licensee terminates the person's employment or removes the person from the facility after receiving notice from the department pursuant to paragraph (3).

(d) (1) Before issuing a license, special permit, or certificate of approval to any person or persons to operate or manage a foster family home or certified family home as described in Section 1506, the State Department of Social Services or other approving authority shall secure from an appropriate law enforcement agency a criminal record to determine whether the applicant or any person specified in subdivision (b) has ever been convicted of a crime other than a minor traffic violation or arrested for any crime specified in Section 290 of the Penal Code, for violating Section 245 or 273.5, subdivision (b) of Section 273a or, prior to January 1, 1994, paragraph (2) of Section 273a of the Penal Code, or for any crime for which the department cannot grant an exemption if the person was convicted and the person has not been exonerated.

(2) The criminal history information shall include the full criminal record, if any, of those persons.

(3) Neither the Department of Justice nor the State Department of Social Services may charge a fee for the fingerprinting of an applicant for a license, special permit, or certificate of approval described in this subdivision. The record, if any, shall be taken into consideration when evaluating a prospective applicant.

(4) The following shall apply to the criminal record information:

(A) If the applicant or other persons specified in subdivision (b) have convictions that would make the applicant's home unfit as a foster family home or a certified family home, the license, special permit, or certificate of approval shall be denied.

(B) If the State Department of Social Services finds that the applicant, or any person specified in subdivision (b) is awaiting trial for a crime other than a minor traffic violation, the State Department of Social Services or other approving authority may cease processing the application until the conclusion of the trial.

(C) For the purposes of this subdivision, a criminal record clearance provided under Section 8712 of the Family Code may be used by the department or other approving agency.

(D) An applicant for a foster family home license or for certification as a family home, and any other person specified in subdivision (b), shall submit a set of fingerprints to the Department of Justice for the purpose of searching the criminal records of the Federal Bureau of Investigation, in addition to the criminal records search required by subdivision (a). If an applicant meets all other conditions for licensure, except receipt of the Federal Bureau of Investigation's criminal history information for the applicant and all persons described in subdivision (b), the department may issue a license, or the foster family agency may issue a certificate of approval, if the applicant, and each person described in subdivision (b), has signed and submitted a statement that he or she has never been convicted of a crime in the United States, other than a traffic infraction, as defined in paragraph (1) of subdivision (a) of Section 42001 of the Vehicle Code. If, after licensure or certification, the department determines that the licensee, certified foster parent, or any person specified in subdivision (b) has a criminal record, the license may be revoked pursuant to Section 1550 and the certificate of approval revoked pursuant to subdivision (b) of Section 1534. The department may also suspend the license pending an administrative hearing pursuant to Section 1550.5.

(5) Any person specified in this subdivision shall, as a part of the application, be fingerprinted and sign a declaration under penalty of perjury regarding any prior criminal convictions or arrests for any crime

against a child, spousal or cohabitant abuse or, any crime for which the department cannot grant an exemption if the person was convicted and shall submit these fingerprints to the licensing agency or other approving authority.

(6) (A) The foster family agency shall obtain fingerprints from certified home applicants and from persons specified in subdivision (b) and shall submit them directly to the Department of Justice or send them by electronic transmission in a manner approved by the State Department of Social Services. A foster family home licensee or foster family agency shall submit these fingerprints to the Department of Justice, along with a second set of fingerprints for the purpose of searching the records of the Federal Bureau of Investigation or to comply with paragraph (1) of subdivision (b) prior to the person's employment, residence, or initial presence. A foster family agency's failure to submit fingerprints to the Department of Justice, or comply with paragraph (1) of subdivision (h), as required in this section, shall result in a citation of a deficiency, and the immediate civil penalties of one hundred dollars ($100) per violation, per day for a maximum of five days, unless the violation is a second or subsequent violation within a 12-month period in which case the civil penalties shall be in the amount of one hundred dollars ($100) per violation for a maximum of 30 days, and shall be grounds for disciplining the licensee pursuant to Section 1550. A violation of the regulation adopted pursuant to Section 1522.04 shall result in the citation of a deficiency and an immediate assessment of civil penalties in the amount of one hundred dollars ($100) per violation, per day for a maximum of five days, unless the violation is a second or subsequent violation within a 12-month period in which case the civil penalties shall be in the amount of one hundred dollars ($100) per violation for a maximum of 30 days, and shall be grounds for disciplining the foster family agency pursuant to Section 1550. A licensee's failure to submit fingerprints to the Department of Justice, or comply with paragraph (1) of subdivision (h), as required in this section, may result in the citation of a deficiency and immediate civil penalties of one hundred dollars ($100) per violation. A licensee's violation of regulations adopted pursuant to Section 1522.04 may result in the citation of a deficiency and an immediate assessment of civil penalties in the amount of one hundred dollars ($100) per violation. The State Department of Social Services may assess penalties for continued violations, as permitted by Section 1548. The fingerprints shall then be submitted to the State Department of Social Services for processing.

(B) Upon request of the licensee, who shall enclose a self-addressed envelope for this purpose, the Department of Justice shall verify receipt of the fingerprints. Within five working days of the receipt of the criminal

record or information regarding criminal convictions from the Department of Justice, the department shall notify the applicant of any criminal arrests or convictions. If no arrests or convictions are recorded, the Department of Justice shall provide the foster family home licensee or the foster family agency with a statement of that fact concurrent with providing the information to the State Department of Social Services.

(7) If the State Department of Social Services finds that the applicant, or any other person specified in subdivision (b), has been convicted of a crime other than a minor traffic violation, the application shall be denied, unless the director grants an exemption pursuant to subdivision (g).

(8) If the State Department of Social Services finds after licensure or the granting of the certificate of approval that the licensee, certified foster parent, or any other person specified in paragraph (2) of subdivision (b), has been convicted of a crime other than a minor traffic violation, the license or certificate of approval may be revoked by the department or the foster family agency, whichever is applicable, unless the director grants an exemption pursuant to subdivision (g). A licensee's failure to comply with the department's prohibition of employment, contact with clients, or presence in the facility as required by paragraph (3) of subdivision (c) shall be grounds for disciplining the licensee pursuant to Section 1550.

(e) The State Department of Social Services may not use a record of arrest to deny, revoke, or terminate any application, license, employment, or residence unless the department investigates the incident and secures evidence, whether or not related to the incident of arrest, that is admissible in an administrative hearing to establish conduct by the person that may pose a risk to the health and safety of any person who is or may become a client. The State Department of Social Services is authorized to obtain any arrest or conviction records or reports from any law enforcement agency as necessary to the performance of its duties to inspect, license, and investigate community care facilities and individuals associated with a community care facility.

(f) (1) For purposes of this section or any other provision of this chapter, a conviction means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Any action that the State Department of Social Services is permitted to take following the establishment of a conviction may be taken when the time for appeal has elapsed, when the judgment of conviction has been affirmed on appeal, or when an order granting probation is made suspending the imposition of sentence, notwithstanding a subsequent order pursuant to Sections 1203.4 and 1203.4a of the Penal Code permitting the person to withdraw his or her plea of guilty and to enter a plea of not guilty, or setting aside the verdict

of guilty, or dismissing the accusation, information, or indictment. For purposes of this section or any other provision of this chapter, the record of a conviction, or a copy thereof certified by the clerk of the court or by a judge of the court in which the conviction occurred, shall be conclusive evidence of the conviction. For purposes of this section or any other provision of this chapter, the arrest disposition report certified by the Department of Justice, or documents admissible in a criminal action pursuant to Section 969b of the Penal Code, shall be prima facie evidence of the conviction, notwithstanding any other provision of law prohibiting the admission of these documents in a civil or administrative action.

(2) For purposes of this section or any other provision of this chapter, the department shall consider criminal convictions from another state or federal court as if the criminal offense was committed in this state.

(g) (1) After review of the record, the director may grant an exemption from disqualification for a license or special permit as specified in paragraphs (1) and (4) of subdivision (a), or for a license, special permit, or certificate of approval as specified in paragraphs (4) and (5) of subdivision (d), or for employment, residence, or presence in a community care facility as specified in paragraphs (3), (4), and (5) of subdivision (c), if the director has substantial and convincing evidence to support a reasonable belief that the applicant and the person convicted of the crime, if other than the applicant, are of such good character as to justify issuance of the license or special permit or granting an exemption for purposes of subdivision (c). Except as otherwise provided in this subdivision, an exemption may not be granted pursuant to this subdivision if the conviction was for any of the following offenses:

(A) (i) An offense specified in Section 220, 243.4, or 264.1, subdivision (a) of Section 273a or, prior to January 1, 1994, paragraph (1) of Section 273a, Section 273d, 288, or 289, subdivision (a) of Section 290, or Section 368 of the Penal Code, or was a conviction of another crime against an individual specified in subdivision (c) of Section 667.5 of the Penal Code.

(ii) Notwithstanding clause (i), the director may grant an exemption regarding the conviction for an offense described in paragraph (1), (2), (7), or (8) of subdivision (c) of Section 667.5 of the Penal Code, if the employee or prospective employee has been rehabilitated as provided in Section 4852.03 of the Penal Code, has maintained the conduct required in Section 4852.05 of the Penal Code for at least 10 years, and has the recommendation of the district attorney representing the employee's county of residence, or if the employee or prospective employee has received a certificate of rehabilitation pursuant to Chapter

3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the Penal Code.

(B) A felony offense specified in Section 729 of the Business and Professions Code or Section 206 or 215, subdivision (a) of Section 347, subdivision (b) of Section 417, or subdivision (a) of Section 451 of the Penal Code.

(2) The department may not prohibit a person from being employed or having contact with clients in a facility on the basis of a denied criminal record exemption request or arrest information unless the department complies with the requirements of Section 1558.

(h) (1) For purposes of compliance with this section, the department may permit an individual to transfer a current criminal record clearance, as defined in subdivision (a), from one facility to another, as long as the criminal record clearance has been processed through a state licensing district office, and is being transferred to another facility licensed by a state licensing district office. The request shall be in writing to the State Department of Social Services, and shall include a copy of the person's driver's license or valid identification card issued by the Department of Motor Vehicles, or a valid photo identification issued by another state or the United States government if the person is not a California resident. Upon request of the licensee, who shall enclose a self-addressed envelope for this purpose, the State Department of Social Services shall verify whether the individual has a clearance that can be transferred.

(2) The State Department of Social Services shall hold criminal record clearances in its active files for a minimum of two years after an employee is no longer employed at a licensed facility in order for the criminal record clearance to be transferred.

(3) The following shall apply to a criminal record clearance or exemption from the department or a county office with department delegated licensing authority:

(A) A county office with department delegated licensing authority may accept a clearance or exemption from the department.

(B) The department may accept a clearance or exemption from any county office with department delegated licensing authority.

(C) A county office with department delegated licensing authority may accept a clearance or exemption from any other county office with department delegated licensing authority.

(4) With respect to notifications issued by the Department of Justice pursuant to Section 11105.2 of the Penal Code concerning an individual whose criminal record clearance was originally processed by the department or a county office with department delegated licensing authority, all of the following shall apply:

(A) The Department of Justice shall process a request from the department or a county office with department delegated licensing authority to receive the notice only if all of the following conditions are met:

(i) The request shall be submitted to the Department of Justice by the agency to be substituted to receive the notification.

(ii) The request shall be for the same applicant type as the type for which the original clearance was obtained.

(iii) The request shall contain all prescribed data elements and format protocols pursuant to a written agreement between the department and the Department of Justice.

(B) (i) On or before January 7, 2005, the department shall notify the Department of Justice of all county offices that have department delegated licensing authority.

(ii) The department shall notify the Department of Justice within 15 calendar days of the date on which a new county office receives department delegated licensing authority or a county's delegated licensing authority is rescinded.

(C) The Department of Justice shall charge the department or a county office with department delegated licensing authority a fee for each time a request to substitute the recipient agency is received for purposes of this paragraph. This fee shall not exceed the cost of providing the service.

(i) The full criminal record obtained for purposes of this section may be used by the department or by a licensed adoption agency as a clearance required for adoption purposes.

(j) If a licensee or facility is required by law to deny employment or to terminate employment of any employee based on written notification from the state department that the employee has a prior criminal conviction or is determined unsuitable for employment under Section 1558, the licensee or facility shall not incur civil liability or unemployment insurance liability as a result of that denial or termination.

(k) (1) The Department of Justice shall coordinate with the State Department of Social Services to establish and implement an automated live-scan processing system for fingerprints in the district offices of the Community Care Licensing Division of the State Department of Social Services by July 1, 1999. These live-scan processing units shall be connected to the main system at the Department of Justice by July 1, 1999, and shall become part of that department's pilot project in accordance with its long-range plan. The State Department of Social Services may charge a fee for the costs of processing a set of live-scan fingerprints.

(2) The Department of Justice shall provide a report to the Senate and Assembly fiscal committees, the Assembly Human Services Committee,

and to the Senate Health and Human Services Committee by April 15, 1999, regarding the completion of backlogged criminal record clearance requests for all facilities licensed by the State Department of Social Services and the progress on implementing the automated live-scan processing system in the two district offices pursuant to paragraph (1).

(*l*) Amendments to this section made in the 1999 portion of the 1999-2000 Regular Session shall be implemented commencing 60 days after the effective date of the act amending this section in the 1999 portion of the 1999-2000 Regular Session, except that those provisions for the submission of fingerprints for searching the records of the Federal Bureau of Investigation shall be implemented 90 days after the effective date of that act.

SEC. 10. Section 1596.871 of the Health and Safety Code is amended to read:

1596.871. The Legislature recognizes the need to generate timely and accurate positive fingerprint identification of applicants as a condition of issuing licenses, permits, or certificates of approval for persons to operate or provide direct care services in a child care center or family child care home. Therefore, the Legislature supports the use of the fingerprint live-scan technology, as defined in the long-range plan of the Department of Justice for fully automating the processing of fingerprints and other data by the year 1999, otherwise known as the California Crime Information Intelligence System (CAL-CII), to be used for applicant fingerprints. It is the intent of the Legislature in enacting this section to require the fingerprints of those individuals whose contact with child day care facility clients may pose a risk to the children's health and safety.

(a) (1) Before issuing a license or special permit to any person to operate or manage a day care facility, the department shall secure from an appropriate law enforcement agency a criminal record to determine whether the applicant or any other person specified in subdivision (b) has ever been convicted of a crime other than a minor traffic violation or arrested for any crime specified in Section 290 of the Penal Code, for violating Section 245 or 273.5, subdivision (b) of Section 273a or, prior to January 1, 1994, paragraph (2) of Section 273a of the Penal Code, or for any crime for which the department cannot grant an exemption if the person was convicted and the person has not been exonerated.

(2) The criminal history information shall include the full criminal record, if any, of those persons, and subsequent arrest information pursuant to Section 11105.2 of the Penal Code.

(3) Except during the 2003-04, 2004-05, and 2005-06 fiscal years, neither the Department of Justice nor the department may charge a fee for the fingerprinting of an applicant who will serve six or fewer children

or any family day care applicant for a license, or for obtaining a criminal record of an applicant pursuant to this section.

(4) The following shall apply to the criminal record information:

(A) If the State Department of Social Services finds that the applicant or any other person specified in subdivision (b) has been convicted of a crime, other than a minor traffic violation, the application shall be denied, unless the director grants an exemption pursuant to subdivision (f).

(B) If the State Department of Social Services finds that the applicant, or any other person specified in subdivision (b), is awaiting trial for a crime other than a minor traffic violation, the State Department of Social Services may cease processing the application until the conclusion of the trial.

(C) If no criminal record information has been recorded, the Department of Justice shall provide the applicant and the State Department of Social Services with a statement of that fact.

(D) If the State Department of Social Services finds after licensure that the licensee, or any other person specified in paragraph (2) of subdivision (b), has been convicted of a crime other than a minor traffic violation, the license may be revoked, unless the director grants an exemption pursuant to subdivision (f).

(E) An applicant and any other person specified in subdivision (b) shall submit a second set of fingerprints to the Department of Justice, for the purpose of searching the records of the Federal Bureau of Investigation, in addition to the search required by subdivision (a). If an applicant meets all other conditions for licensure, except receipt of the Federal Bureau of Investigation's criminal history information for the applicant and persons listed in subdivision (b), the department may issue a license if the applicant and each person described by subdivision (b) has signed and submitted a statement that he or she has never been convicted of a crime in the United States, other than a traffic infraction as defined in paragraph (1) of subdivision (a) of Section 42001 of the Vehicle Code. If, after licensure, the department determines that the licensee or person specified in subdivision (b) has a criminal record, the license may be revoked pursuant to Section 1596.885. The department may also suspend the license pending an administrative hearing pursuant to Section 1596.886.

(b) (1) In addition to the applicant, this section shall be applicable to criminal convictions of the following persons:

(A) Adults responsible for administration or direct supervision of staff.

(B) Any person, other than a child, residing in the facility.

(C) Any person who provides care and supervision to the children.

(D) Any staff person, volunteer, or employee who has contact with the children.

(i) A volunteer providing time-limited specialized services shall be exempt from the requirements of this subdivision if this person is directly supervised by the licensee or a facility employee with a criminal record clearance or exemption, the volunteer spends no more than 16 hours per week at the facility, and the volunteer is not left alone with children in care.

(ii) A student enrolled or participating at an accredited educational institution shall be exempt from the requirements of this subdivision if the student is directly supervised by the licensee or a facility employee with a criminal record clearance or exemption, the facility has an agreement with the educational institution concerning the placement of the student, the student spends no more than 16 hours per week at the facility, and the student is not left alone with children in care.

(iii) A volunteer who is a relative, legal guardian, or foster parent of a client in the facility shall be exempt from the requirements of this subdivision.

(iv) A contracted repair person retained by the facility, if not left alone with children in care, shall be exempt from the requirements of this subdivision.

(v) Any person similar to those described in this subdivision, as defined by the department in regulations.

(E) If the applicant is a firm, partnership, association, or corporation, the chief executive officer, other person serving in like capacity, or a person designated by the chief executive officer as responsible for the operation of the facility, as designated by the applicant agency.

(F) If the applicant is a local educational agency, the president of the governing board, the school district superintendent, or a person designated to administer the operation of the facility, as designated by the local educational agency.

(G) Additional officers of the governing body of the applicant, or other persons with a financial interest in the applicant, as determined necessary by the department by regulation. The criteria used in the development of these regulations shall be based on the person's capability to exercise substantial influence over the operation of the facility.

(H) This section does not apply to employees of child care and development programs under contract with the State Department of Education who have completed a criminal records clearance as part of an application to the Commission on Teacher Credentialing, and who possess a current credential or permit issued by the commission, including employees of child care and development programs that serve both children subsidized under, and children not subsidized under, a State

Department of Education contract. The Commission on Teacher Credentialing shall notify the department upon revocation of a current credential or permit issued to an employee of a child care and development program under contract with the State Department of Education.

(I) This section does not apply to employees of a child care and development program operated by a school district, county office of education, or community college district under contract with the State Department of Education who have completed a criminal record clearance as a condition of employment. The school district, county office of education, or community college district upon receiving information that the status of an employee's criminal record clearance has changed shall submit that information to the department.

(2) Nothing in this subdivision shall prevent a licensee from requiring a criminal record clearance of any individuals exempt from the requirements under this subdivision.

(c) (1) (A) Subsequent to initial licensure, any person specified in subdivision (b) and not exempted from fingerprinting shall, as a condition to employment, residence, or presence in a child day care facility be fingerprinted and sign a declaration under penalty of perjury regarding any prior criminal conviction. The licensee shall submit these fingerprints to the Department of Justice, along with a second set of fingerprints for the purpose of searching the records of the Federal Bureau of Investigation, or to comply with paragraph (1) of subdivision (h), prior to the person's employment, residence, or initial presence in the child day care facility.

(B) These fingerprints shall be on a card provided by the State Department of Social Services for the purpose of obtaining a permanent set of fingerprints and submitted to the Department of Justice by the licensee or sent by electronic transmission in a manner approved by the State Department of Social Services. A licensee's failure to submit fingerprints to the Department of Justice, or to comply with paragraph (1) of subdivision (h), as required in this section, shall result in the citation of a deficiency, and an immediate assessment of civil penalties in the amount of one hundred dollars ($100) per violation, per day for a maximum of five days, unless the violation is a second or subsequent violation within a 12-month period in which case the civil penalties shall be in the amount of one hundred dollars ($100) per violation for a maximum of 30 days, and shall be grounds for disciplining the licensee pursuant to Section 1596.885 or Section 1596.886. The State Department of Social Services may assess civil penalties for continued violations permitted by Sections 1596.99 and 1597.62. The fingerprints shall then be submitted to the State Department of Social Services for processing.

Within 14 calendar days of the receipt of the fingerprints, the Department of Justice shall notify the State Department of Social Services of the criminal record information, as provided in this subdivision. If no criminal record information has been recorded, the Department of Justice shall provide the licensee and the State Department of Social Services with a statement of that fact within 14 calendar days of receipt of the fingerprints. If new fingerprints are required for processing, the Department of Justice shall, within 14 calendar days from the date of receipt of the fingerprints, notify the licensee that the fingerprints were illegible.

(C) Documentation of the individual's clearance or exemption shall be maintained by the licensee, and shall be available for inspection. When live-scan technology is operational, as defined in Section 1522.04, the Department of Justice shall notify the department, as required by that section, and notify the licensee by mail within 14 days of electronic transmission of the fingerprints to the Department of Justice, if the person has no criminal record. Any violation of the regulations adopted pursuant to Section 1522.04 shall result in the citation of a deficiency and an immediate assessment of civil penalties in the amount of one hundred dollars ($100) per violation, per day for a maximum of five days, unless the violation is a second or subsequent violation within a 12-month period in which case the civil penalties shall be in the amount of one hundred dollars ($100) per violation for a maximum of 30 days, and shall be grounds for disciplining the licensee pursuant to Section 1596.885 or Section 1596.886. The department may assess civil penalties for continued violations, as permitted by Sections 1596.99 and 1597.62.

(2) Except for persons specified in paragraph (2) of subdivision (b), the licensee shall endeavor to ascertain the previous employment history of persons required to be fingerprinted under this subdivision. If it is determined by the department, on the basis of fingerprints submitted to the Department of Justice, that the person has been convicted of a sex offense against a minor, an offense specified in Section 243.4, 273a, 273d, 273g, or 368 of the Penal Code, or a felony, the State Department of Social Services shall notify the licensee to act immediately to terminate the person's employment, remove the person from the child day care facility, or bar the person from entering the child day care facility. The department may subsequently grant an exemption pursuant to subdivision (f). If the conviction was for another crime except a minor traffic violation, the licensee shall, upon notification by the State Department of Social Services, act immediately to either (1) terminate the person's employment, remove the person from the child day care facility, or bar the person from entering the child day care facility; or (2) seek an exemption pursuant to subdivision (f). The department shall determine

if the person shall be allowed to remain in the facility until a decision on the exemption is rendered. A licensee's failure to comply with the department's prohibition of employment, contact with clients, or presence in the facility as required by this paragraph shall result in a citation of deficiency and an immediate assessment of civil penalties by the department against the licensee, in the amount of one hundred dollars ($100) per violation, per day for a maximum of five days, unless the violation is a second or subsequent violation within a 12-month period in which case the civil penalties shall be in the amount of one hundred dollars ($100) per violation for a maximum of 30 days, and shall be grounds for disciplining the licensee pursuant to Section 1596.885 or 1596.886.

(3) The department may issue an exemption on its own motion pursuant to subdivision (f) if the person's criminal history indicates that the person is of good character based on the age, seriousness, and frequency of the conviction or convictions. The department, in consultation with interested parties, shall develop regulations to establish the criteria to grant an exemption pursuant to this paragraph.

(4) Concurrently with notifying the licensee pursuant to paragraph (3), the department shall notify the affected individual of his or her right to seek an exemption pursuant to subdivision (f). The individual may seek an exemption only if the licensee terminates the person's employment or removes the person from the facility after receiving notice from the department pursuant to paragraph (3).

(d) (1) For purposes of this section or any other provision of this chapter, a conviction means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Any action that the department is permitted to take following the establishment of a conviction may be taken when the time for appeal has elapsed, when the judgment of conviction has been affirmed on appeal, or when an order granting probation is made suspending the imposition of sentence, notwithstanding a subsequent order pursuant to Sections 1203.4 and 1203.4a of the Penal Code permitting the person to withdraw his or her plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty, or dismissing the accusation, information, or indictment. For purposes of this section or any other provision of this chapter, the record of a conviction, or a copy thereof certified by the clerk of the court or by a judge of the court in which the conviction occurred, shall be conclusive evidence of the conviction. For purposes of this section or any other provision of this chapter, the arrest disposition report certified by the Department of Justice, or documents admissible in a criminal action pursuant to Section 969b of the Penal Code, shall be prima facie evidence

of conviction, notwithstanding any other provision of law prohibiting the admission of these documents in a civil or administrative action.

(2) For purposes of this section or any other provision of this chapter, the department shall consider criminal convictions from another state or federal court as if the criminal offense was committed in this state.

(e) The State Department of Social Services may not use a record of arrest to deny, revoke, or terminate any application, license, employment, or residence unless the department investigates the incident and secures evidence, whether or not related to the incident of arrest, that is admissible in an administrative hearing to establish conduct by the person that may pose a risk to the health and safety of any person who is or may become a client. The State Department of Social Services is authorized to obtain any arrest or conviction records or reports from any law enforcement agency as necessary to the performance of its duties to inspect, license, and investigate community care facilities and individuals associated with a community care facility.

(f) (1) After review of the record, the director may grant an exemption from disqualification for a license or special permit as specified in paragraphs (1) and (4) of subdivision (a), or for employment, residence, or presence in a child day care facility as specified in paragraphs (3), (4), and (5) of subdivision (c) if the director has substantial and convincing evidence to support a reasonable belief that the applicant and the person convicted of the crime, if other than the applicant, are of good character so as to justify issuance of the license or special permit or granting an exemption for purposes of subdivision (c). However, an exemption may not be granted pursuant to this subdivision if the conviction was for any of the following offenses:

(A) An offense specified in Section 220, 243.4, or 264.1, subdivision (a) of Section 273a or, prior to January 1, 1994, paragraph (1) of Section 273a, Section 273d, 288, or 289, subdivision (a) of Section 290, or Section 368 of the Penal Code, or was a conviction of another crime against an individual specified in subdivision (c) of Section 667.5 of the Penal Code.

(B) A felony offense specified in Section 729 of the Business and Professions Code or Section 206 or 215, subdivision (a) of Section 347, subdivision (b) of Section 417, or subdivision (a) or (b) of Section 451 of the Penal Code.

(2) The department may not prohibit a person from being employed or having contact with clients in a facility on the basis of a denied criminal record exemption request or arrest information unless the department complies with the requirements of Section 1596.8897.

(g) Upon request of the licensee, who shall enclose a self-addressed stamped postcard for this purpose, the Department of Justice shall verify receipt of the fingerprints.

(h) (1) For the purposes of compliance with this section, the department may permit an individual to transfer a current criminal record clearance, as defined in subdivision (a), from one facility to another, as long as the criminal record clearance has been processed through a state licensing district office, and is being transferred to another facility licensed by a state licensing district office. The request shall be in writing to the department, and shall include a copy of the person's driver's license or valid identification card issued by the Department of Motor Vehicles, or a valid photo identification issued by another state or the United States government if the person is not a California resident. Upon request of the licensee, who shall enclose a self-addressed stamped envelope for this purpose, the department shall verify whether the individual has a clearance that can be transferred.

(2) The State Department of Social Services shall hold criminal record clearances in its active files for a minimum of two years after an employee is no longer employed at a licensed facility in order for the criminal record clearances to be transferred.

(3) The following shall apply to a criminal record clearance or exemption from the department or a county office with department delegated licensing authority:

(A) A county office with department delegated licensing authority may accept a clearance or exemption from the department.

(B) The department may accept a clearance or exemption from any county office with department delegated licensing authority.

(C) A county office with department delegated licensing authority may accept a clearance or exemption from any other county office with department delegated licensing authority.

(4) With respect to notifications issued by the Department of Justice pursuant to Section 11105.2 of the Penal Code concerning an individual whose criminal record clearance was originally processed by the department or a county office with department delegated licensing authority, all of the following shall apply:

(A) The Department of Justice shall process a request from the department or a county office with department delegated licensing authority to receive the notice, only if all of the following conditions are met:

(i) The request shall be submitted to the Department of Justice by the agency to be substituted to receive the notification.

(ii) The request shall be for the same applicant type as the type for which the original clearance was obtained.

(iii) The request shall contain all prescribed data elements and format protocols pursuant to a written agreement between the department and the Department of Justice.

(B) (i) On or before January 7, 2005, the department shall notify the Department of Justice of all county offices that have department delegated licensing authority.

(ii) The department shall notify the Department of Justice within 15 calendar days of the date on which a new county office receives department delegated licensing authority or a county's delegated licensing authority is rescinded.

(C) The Department of Justice shall charge the department or a county office with department delegated licensing authority a fee for each time a request to substitute the recipient agency is received for purposes of this paragraph. This fee shall not exceed the cost of providing the service.

(i) Amendments to this section made in the 1998 calendar year shall be implemented commencing 60 days after the effective date of the act amending this section in the 1998 calendar year, except those provisions for the submission of fingerprints for searching the records of the Federal Bureau of Investigation, which shall be implemented commencing January 1, 1999.

SEC. 11. Section 11970.2 is added to the Health and Safety Code, to read:

11970.2. (a) It is the intent of the Legislature that dependency drug courts be funded unless an evaluation of cost avoidance as provided in this section with respect to child welfare services and foster care demonstrates that the program is not cost-effective.

(b) The State Department of Social Services, in collaboration with the State Department of Alcohol and Drug Programs and the Judicial Council, shall conduct an evaluation of cost avoidance with respect to child welfare services and foster care pursuant to this section. These parties shall do all of the following:

(1) Consult with legislative staff and at least one representative of an existing dependency drug court program who has experience conducting an evaluation of cost avoidance, to clarify the elements to be reviewed.

(2) Identify requirements, such as specific measures of cost savings and data to be evaluated, and methodology for use of control cases for comparison data.

(3) Whenever possible, use existing evaluation case samples to gather the necessary additional data.

(c) The State Department of Social Services, along with the State Department of Alcohol and Drug Programs and Judicial Council, shall provide a report to the Legislature on the outcomes of dependency drug court programs and the amount of savings realized in foster care

out-of-home placement and child welfare services during budget hearings for the 2006-07 budget.

SEC. 12. Section 11970.4 of the Health and Safety Code is amended to read:

11970.4. This article shall remain operative only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

SEC. 12.1. Section 128200 of the Health and Safety Code is amended to read:

128200. (a) This article shall be known and may be cited as the Song-Brown Family Physician Training Act.

(b) The Legislature hereby finds and declares that physicians engaged in family practice are in very short supply in California. The current emphasis placed on specialization in medical education has resulted in a shortage of physicians trained to provide comprehensive primary health care to families. The Legislature hereby declares that it regards the furtherance of a greater supply of competent family physicians to be a public purpose of great importance and further declares the establishment of the program pursuant to this article to be a desirable, necessary and economical method of increasing the number of family physicians to provide needed medical services to the people of California. The Legislature further declares that it is to the benefit of the state to assist in increasing the number of competent family physicians graduated by colleges and universities of this state to provide primary health care services to families within the state.

The Legislature finds that the shortage of family physicians can be improved by the placing of a higher priority by public and private medical schools, hospitals, and other health care delivery systems in this state, on the recruitment and improved training of medical students and residents to meet the need for family physicians. To help accomplish this goal, each medical school in California is encouraged to organize a strong family practice program or department. It is the intent of the Legislature that the programs or departments be headed by a physician who possesses specialty certification in the field of family practice, and has broad clinical experience in the field of family practice.

The Legislature further finds that encouraging the training of primary care physician's assistants and primary care nurse practitioners will assist in making primary health care services more accessible to the citizenry, and will, in conjunction with the training of family physicians, lead to an improved health care delivery system in California.

Community hospitals in general and rural community hospitals in particular, as well as other health care delivery systems, are encouraged to develop family practice residencies in affiliation or association with

accredited medical schools, to help meet the need for family physicians in geographical areas of the state with recognized family primary health care needs. Utilization of expanded resources beyond university-based teaching hospitals should be emphasized, including facilities in rural areas wherever possible.

The Legislature also finds and declares that nurses are in very short supply in California. The Legislature hereby declares that it regards the furtherance of a greater supply of nurses to be a public purpose of great importance and further declares the expansion of the program pursuant to this article to include nurses to be a desirable, necessary, and economical method of increasing the number of nurses to provide needed nursing services to the people of California.

It is the intent of the Legislature to provide for a program designed primarily to increase the number of students and residents receiving quality education and training in the specialty of family practice and as primary care physician's assistants, primary care nurse practitioners, and registered nurses and to maximize the delivery of primary care family physician services to specific areas of California where there is a recognized unmet priority need. This program is intended to be implemented through contracts with accredited medical schools, programs that train primary care physician's assistants, programs that train primary care nurse practitioners, programs that train registered nurses, hospitals, and other health care delivery systems based on per-student or per-resident capitation formulas. It is further intended by the Legislature that the programs will be professionally and administratively accountable so that the maximum cost-effectiveness will be achieved in meeting the professional training standards and criteria set forth in this article and Article 2 (commencing with Section 128250).

SEC. 12.2. Section 128205 of the Health and Safety Code is amended to read:

128205. As used in this article, and Article 2 (commencing with Section 128250), the following terms mean:

(a) "Family physician" means a primary care physician who is prepared to and renders continued comprehensive and preventative health care services to families and who has received specialized training in an approved family practice residency for three years after graduation from an accredited medical school.

(b) "Associated" and "affiliated" mean that relationship that exists by virtue of a formal written agreement between a hospital or other health care delivery system and an approved medical school which pertains to the family practice training program for which state contract funds are sought. This definition shall include agreements that may be entered into

subsequent to October 2, 1973, as well as those relevant agreements that are in existence prior to October 2, 1973.

(c) "Commission" means the California Healthcare Workforce Policy Commission.

(d) "Programs that train primary care physician's assistants" means a program that has been approved for the training of primary care physician assistants pursuant to Section 3513 of the Business and Professions Code.

(e) "Programs that train primary care nurse practitioners" means a program that is operated by a California school of medicine or nursing, or that is authorized by the Regents of the University of California or by the Trustees of the California State University, or that is approved by the Board of Registered Nursing.

(f) "Programs that train registered nurses" means a program that is operated by a California school of nursing and approved by the Board of Registered Nursing, or that is authorized by the Regents of the University of California, the Trustees of the California State University, or the Board of Governors of the California Community Colleges, and that is approved by the Board of Registered Nursing.

SEC. 12.3. Section 128210 of the Health and Safety Code is amended to read:

128210. There is hereby created a state medical contract program with accredited medical schools, programs that train primary care physician's assistants, programs that train primary care nurse practitioners, programs that train registered nurses, hospitals, and other health care delivery systems to increase the number of students and residents receiving quality education and training in the specialty of family practice or in nursing and to maximize the delivery of primary care family physician services to specific areas of California where there is a recognized unmet priority need for those services.

SEC. 12.4. Section 128215 of the Health and Safety Code is amended to read:

128215. There is hereby created a California Healthcare Workforce Policy Commission. The commission shall be composed of 15 members who shall serve at the pleasure of their appointing authorities:

(a) Nine members appointed by the Governor, as follows:

(1) One representative of the University of California medical schools, from a nominee or nominees submitted by the University of California.

(2) One representative of the private medical or osteopathic schools accredited in California from individuals nominated by each of these schools.

(3) One representative of practicing family physicians.

(4) One representative who is a practicing osteopathic physician or surgeon and who is board certified in either general or family practice.

(5) One representative of undergraduate medical students in a family practice program or residence in family practice training.

(6) One representative of trainees in a primary care physician's assistant program or a practicing physician's assistant.

(7) One representative of trainees in a primary care nurse practitioners program or a practicing nurse practitioner.

(8) One representative of the Office of Statewide Health Planning and Development, from nominees submitted by the office director.

(9) One representative of practicing registered nurses.

(b) Two consumer representatives of the public who are not elected or appointed public officials, one appointed by the Speaker of the Assembly and one appointed by the Chairperson of the Senate Committee on Rules.

(c) Two representatives of practicing registered nurses, one appointed by the Speaker of the Assembly and one appointed by the Chairperson of the Senate Committee on Rules.

(d) Two representatives of students in a registered nurse training program, one appointed by the Speaker of the Assembly and one appointed by the Chairperson of the Senate Committee on Rules.

(e) The Chief of the Health Professions Development Program in the Office of Statewide Health Planning and Development, or the chief's designee, shall serve as executive secretary for the commission.

SEC. 12.5. Section 128224 of the Health and Safety Code is amended to read:

128224. The commission shall identify specific areas of the state where unmet priority needs for dentists, physicians, and registered nurses exist.

SEC. 12.6. Section 128225 of the Health and Safety Code is amended to read:

128225. The commission shall do all of the following:

(a) Identify specific areas of the state where unmet priority needs for primary care family physicians and registered nurses exist.

(b) Establish standards for family practice training programs and family practice residency programs, postgraduate osteopathic medical programs in family practice, and primary care physician assistants programs and programs that train primary care nurse practitioners, including appropriate provisions to encourage family physicians, osteopathic family physicians, primary care physician's assistants, and primary care nurse practitioners who receive training in accordance with this article and Article 2 (commencing with Section 128250) to provide needed services in areas of unmet need within the state. Standards for

family practice residency programs shall provide that all the residency programs contracted for pursuant to this article and Article 2 (commencing with Section 128250) shall both meet the Residency Review Committee on Family Practice's "Essentials" for Residency Training in Family Practice and be approved by the Residency Review Committee on Family Practice. Standards for postgraduate osteopathic medical programs in family practice, as approved by the American Osteopathic Association Committee on Postdoctoral Training for interns and residents, shall be established to meet the requirements of this subdivision in order to ensure that those programs are comparable to the other programs specified in this subdivision. Every program shall include a component of training designed for medically underserved multicultural communities, lower socioeconomic neighborhoods, or rural communities, and shall be organized to prepare program graduates for service in those neighborhoods and communities. Medical schools receiving funds under this article and Article 2 (commencing with Section 128250) shall have programs or departments that recognize family practice as a major independent specialty. Existence of a written agreement of affiliation or association between a hospital and an accredited medical school shall be regarded by the commission as a favorable factor in considering recommendations to the director for allocation of funds appropriated to the state medical contract program established under this article and Article 2 (commencing with Section 128250).

For purposes of this subdivision, "family practice" includes the general practice of medicine by osteopathic physicians.

(c) Establish standards for registered nurse training programs. The commission may accept those standards established by the Board of Registered Nursing.

(d) Review and make recommendations to the Director of the Office of Statewide Health Planning and Development concerning the funding of family practice programs or departments and family practice residencies and programs for the training of primary care physician assistants and primary care nurse practitioners that are submitted to the Health Professions Development Program for participation in the contract program established by this article and Article 2 (commencing with Section 128250). If the commission determines that a program proposal that has been approved for funding or that is the recipient of funds under this article and Article 2 (commencing with Section 128250) does not meet the standards established by the commission, it shall submit to the Director of the Office of Statewide Health Planning and Development and the Legislature a report detailing its objections. The commission may request the Office of Statewide Health Planning and Development to make advance allocations for program development costs from

amounts appropriated for the purposes of this article and Article 2 (commencing with Section 128250).

(e) Review and make recommendations to the Director of the Office of Statewide Health Planning and Development concerning the funding of registered nurse training programs that are submitted to the Health Professions Development Program for participation in the contract program established by this article. If the commission determines that a program proposal that has been approved for funding or that is the recipient of funds under this article does not meet the standards established by the commission, it shall submit to the Director of the Office of Statewide Health Planning and Development and the Legislature a report detailing its objections. The commission may request the Office of Statewide Health Planning and Development to make advance allocations for program development costs from amounts appropriated for the purposes of this article.

(f) Establish contract criteria and single per-student and per-resident capitation formulas that shall determine the amounts to be transferred to institutions receiving contracts for the training of family practice students and residents and primary care physician's assistants and primary care nurse practitioners and registered nurses pursuant to this article and Article 2 (commencing with Section 128250), except as otherwise provided in subdivision (d). Institutions applying for or in receipt of contracts pursuant to this article and Article 2 (commencing with Section 128250) may appeal to the director for waiver of these single capitation formulas. The director may grant the waiver in exceptional cases upon a clear showing by the institution that a waiver is essential to the institution's ability to provide a program of a quality comparable to those provided by institutions that have not received waivers, taking into account the public interest in program cost-effectiveness. Recipients of funds appropriated by this article and Article 2 (commencing with Section 128250) shall, as a minimum, maintain the level of expenditure for family practice or primary care physician's assistant or family care nurse practitioner training that was provided by the recipients during the 1973–74 fiscal year. Recipients of funds appropriated for registered nurse training pursuant to this article shall, as a minimum, maintain the level of expenditure for registered nurse training that was provided by recipients during the 2004-05 fiscal year. Funds appropriated under this article and Article 2 (commencing with Section 128250) shall be used to develop new programs or to expand existing programs, and shall not replace funds supporting current family practice or registered nurse training programs. Institutions applying for or in receipt of contracts pursuant to this article and Article 2 (commencing with Section 128250) may appeal to the director for waiver of this maintenance of effort

provision. The director may grant the waiver if he or she determines that there is reasonable and proper cause to grant the waiver.

(g) Review and make recommendations to the Director of the Office of Statewide Health Planning and Development concerning the funding of special programs that may be funded on other than a capitation rate basis. These special programs may include the development and funding of the training of primary health care teams of family practice residents or family physicians and primary care physician assistants or primary care nurse practitioners or registered nurses, undergraduate medical education programs in family practice, and programs that link training programs and medically underserved communities in California that appear likely to result in the location and retention of training program graduates in those communities. These special programs also may include the development phase of new family practice residency, primary care physician assistant programs, primary care nurse practitioner programs, or registered nurse programs.

The commission shall establish standards and contract criteria for special programs recommended under this subdivision.

(h) Review and evaluate these programs regarding compliance with this article and Article 2 (commencing with Section 128250). One standard for evaluation shall be the number of recipients who, after completing the program, actually go on to serve in areas of unmet priority for primary care family physicians in California or registered nurses who go on to serve in areas of unmet priority for registered nurses.

(i) Review and make recommendations to the Director of the Office of Statewide Health Planning and Development on the awarding of funds for the purpose of making loan assumption payments for medical students who contractually agree to enter a primary care specialty and practice primary care medicine for a minimum of three consecutive years following completion of a primary care residency training program pursuant to Article 2 (commencing with Section 128250).

SEC. 12.7. Section 128230 of the Health and Safety Code is amended to read:

128230. When making recommendations to the Director of the Office of Statewide Health Planning and Development concerning the funding of family practice programs or departments, family practice residencies, and programs for the training of primary care physician assistants, primary care nurse practitioners, or registered nurses, the commission shall give priority to programs that have demonstrated success in the following areas:

(a) Actual placement of individuals in medically underserved areas.

(b) Success in attracting and admitting members of minority groups to the program.

(c) Success in attracting and admitting individuals who were former residents of medically underserved areas.

(d) Location of the program in a medically underserved area.

(e) The degree to which the program has agreed to accept individuals with an obligation to repay loans awarded pursuant to the Health Professions Education Fund.

SEC. 12.8. Section 128235 of the Health and Safety Code is amended to read:

128235. Pursuant to this article and Article 2 (commencing with Section 128250), the Director of the Office of Statewide Health Planning and Development shall do all of the following:

(a) Determine whether family practice, primary care physician assistant training program proposals, primary care nurse practitioner training program proposals, and registered nurse training program proposals submitted to the California Healthcare Workforce Policy Commission for participation in the state medical contract program established by this article and Article 2 (commencing with Section 128250) meet the standards established by the commission.

(b) Select and contract on behalf of the state with accredited medical schools, programs that train primary care physician assistants, programs that train primary care nurse practitioners, hospitals, and other health care delivery systems for the purpose of training undergraduate medical students and residents in the specialty of family practice. Contracts shall be awarded to those institutions that best demonstrate the ability to provide quality education and training and to retain students and residents in specific areas of California where there is a recognized unmet priority need for primary care family physicians. Contracts shall be based upon the recommendations of the commission and in conformity with the contract criteria and program standards established by the commission.

(c) Select and contract on behalf of the state with programs that train registered nurses. Contracts shall be awarded to those institutions that best demonstrate the ability to provide quality education and training and to retain students and residents in specific areas of California where there is a recognized unmet priority need for registered nurses. Contracts shall be based upon the recommendations of the commission and in conformity with the contract criteria and program standards established by the commission.

(d) Terminate, upon 30 days' written notice, the contract of any institution whose program does not meet the standards established by the commission or that otherwise does not maintain proper compliance with this part, except as otherwise provided in contracts entered into by the director pursuant to this article and Article 2 (commencing with Section 128250).

SEC. 12.9. Section 128240.1 is added to the Health and Safety Code, to read:

128240.1. The department shall adopt emergency regulations, as necessary to implement the changes made to this article by the act that added this section during the first year of the 2005-06 Regular Session, no later than September 30, 2005, unless notification of a delay is made to the Chair of the Joint Legislative Budget Committee prior to that date. The adoption of regulations implementing the applicable provisions of this act shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare. The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and shall remain in effect for no more than 180 days, by which time the final regulations shall be developed.

SEC. 13. Section 1611.5 of the Unemployment Insurance Code is amended to read:

1611.5. Notwithstanding Section 1611, the Legislature may appropriate from the Employment Training Fund thirty-seven million nine hundred thirty thousand dollars ($37,930,000) in the Budget Act of 2005 to fund the local assistance portion of welfare-to-work activities under the CalWORKs program, provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, as administered by the State Department of Social Services.

SEC. 14. Section 9102 of the Welfare and Institutions Code is amended to read:

9102. The duties and powers of the department shall be:

(a) To administer all programs under the Older Americans Act of 1965, as amended, and this division, including providing ongoing oversight, monitoring, and service quality evaluation to ensure that service providers are meeting standards of service performance established by the department. This shall include, but is not limited to, all of the following:

(1) Setting program standards and providing standard materials for training.

(2) Providing technical assistance to area agencies on aging, program managers, staff, and volunteers providing services.

(3) Development of the state plan on aging according to federal law.

(4) Maintain a clearinghouse of information related to the interests and needs of older individuals and provide referral services, if appropriate.

(5) Maintain a management information and reporting system; including a data base on service utilization patterns and demographic

characteristics of the older population to be cross-classified by age, sex, race, and other information required for the planning process, and eliminate redundant and unnecessary reporting requirements.

(6) Encourage and support the involvement of volunteers in services to older individuals.

(7) Seek ways to utilize the private sector to assume greater responsibility in meeting the needs of older individuals.

(8) Encourage internships to be coordinated with schools of gerontology or related disciplines, including internships for older individuals.

(b) The department shall have primary responsibility for information received and dispersed to the area agencies on aging.

(c) The department shall be responsible for activities that promote the development, coordination, and utilization of resources to meet the long-term care needs of older individuals, consistent with its mission. The responsibilities shall include, but not be limited to, all of the following:

(1) Conduct research in the areas of alternative social and health care systems for older individuals.

(2) As specified in Section 9002, coordinate with agencies and departments that administer health, social, and related services for the purposes of policy development, development of care standards, consistency in application of policy, evaluation of alternative uses of available resources toward greater effectiveness in service delivery, including seeking additional federal and private dollars to support achievement of program goals, and ensure ongoing response to the identified special needs of the chronically impaired to provide support that maximizes their level of functioning.

(3) Monitor and evaluate programs and services administered by the department, utilizing standardized methodology.

(4) Develop and implement training and technical assistance programs designed to achieve program goals.

(5) Establish criteria for the designation, sanctioning and defunding of area agencies on aging.

(d) In conjunction with the management information and reporting system required under paragraph (5) of subdivision (a), beginning in the 2006 calendar year, the department shall annually submit by January 10 of each year, to the budget, fiscal, and policy committees of the Legislature, and the Legislative Analyst, all of the following information:

(1) The number of persons served statewide in each of the prior and current fiscal years for each state or federally funded program or service administered by the department. This information shall also be provided for each Area Agency on Aging service area.

(2) To the extent feasible, the number of unduplicated persons served statewide in the prior and current fiscal years for all state or federally funded programs and services administered by the department. To the extent feasible, this information shall also be provided for each Area Agency on Aging service area.

(3) Total estimated statewide expenditures in the prior, current, and budget fiscal years for each state or federally funded program or service administered by the department. This information shall also be provided for each Area Agency on Aging service area.

SEC. 15. Section 9654 of the Welfare and Institutions Code is amended to read:

9654. "Senior wellness program" means the program established pursuant to Article 2 (commencing with Section 9660).

SEC. 16. The heading of Article 2 (commencing with Section 9660) of Chapter 10.5 of Division 8.5 of the Welfare and Institutions Code is amended to read:

Article 2. Senior Wellness Program

SEC. 17. Section 9660 of the Welfare and Institutions Code is amended to read:

9660. There is in the California Department of Aging a senior wellness program.

SEC. 18. Section 9661 of the Welfare and Institutions Code is amended to read:

9661. (a) The senior wellness program shall have all of the following functions:

(1) Focus on educating California's seniors, as well as caregivers, families, and health care professions, about the importance of living a healthy lifestyle, including, but not limited to, nutrition, exercise, injury prevention, and mental well-being.

(2) Provide information on, and help California's culturally and ethnically diverse seniors and adults with, functional impairments.

(3) Provide educational information on the resources and services available for seniors from both private and public entities in communities throughout the state and the area agencies on aging. The educational material shall accommodate the diverse linguistic needs of various populations in the state, including, but not limited to, English, Spanish, Russian, Chinese, and Braille.

(4) Promote education and training for professionals and caregivers who work directly with seniors in order to maximize wellness.

(5) Generate a cultural shift to a more positive vision and expectation with respect to how aging is viewed by all Californians.

(6) Transform perceptions of aging into a more hopeful, appreciative, and aspiring mode of being.

(7) Create a new culture that cherishes each of us, including the population of older adults, adults with disabilities, our aging, our ethnic and racial diversity, our becoming elders, and our maturity.

(8) Advance the recognition of the unique status, experience, capacity, and role of seniors to become our models for guidance and inspiration.

(9) Replace the image of seniors who are "self-interested" with an image of seniors who are actively engaged and involved in their communities.

(10) Promote and mobilize older adults and adults with disabilities into emerging roles for the public benefit.

(11) Challenge the prevailing culture, to the extent that it discounts the value of age.

(12) Rid our culture of the negative attitudes toward adults who are aging and adults with disabilities.

(b) Notwithstanding Section 9663, state funds shall not be appropriated for the purpose of implementing paragraphs (5) to (12), inclusive, of subdivision (a), and the department is not required to undertake implementation of those paragraphs, unless it receives federal or private funds for that purpose.

SEC. 19. Section 9662 of the Welfare and Institutions Code is amended to read:

9662. The department shall deliver, or provide for the delivery of, senior wellness program information through a variety of means, including, but not limited to, the Internet, radio, television, and newspaper advertising, brochures, posters, and newsletters.

SEC. 19.5. Section 9757.5 of the Welfare and Institutions Code is amended to read:

9757.5. (a) The California Department of Aging shall assess annually a fee of not less than one dollar and forty cents ($1.40), but not more than one dollar and sixty-five cents ($1.65), on a health care service plan for each person enrolled in a health care service plan as of December 31 of the previous year under a prepaid Medicare program that serves Medicare eligible beneficiaries within the state, and on a health care service plan for each enrollee under a Medicare supplement contract, including a Medicare Select contract, as of December 31 of the previous year, to offset the cost of counseling Medicare eligible beneficiaries on the benefits and programs available through health maintenance organizations instead of the traditional Medicare provider system.

(b) All fees collected pursuant to this section shall be deposited into the State HICAP Fund for the implementation of the Health Insurance Counseling and Advocacy Program, and shall be available for expenditure

for activities as specified in Section 9541 when appropriated by the Legislature.

(c) The department may use up to 7 percent of the fee collected pursuant to subdivision (a) for the administration, assessment, and collection of that fee.

(d) It is the intent of the Legislature, in enacting this act and funding the Health Insurance Counseling and Advocacy Program, to maintain a ratio of two dollars ($2) collected from the Insurance Fund to every one dollar ($1) collected pursuant to subdivision (a). This ratio shall be reviewed by the Department of Finance within 30 days of January 1, 1999, and biennially thereafter to examine changes in the demographics of Medicare imminent populations, including, but not limited to, the number of citizens residing in California 55 years of age and older, the number and average duration of counseling sessions performed by counselors of the Health Insurance Counseling and Advocacy Program, particularly the number of counseling sessions regarding prepaid Medicare programs and counseling sessions regarding Medi-Gap programs, and the use of other long-term care and health-related products. Upon review, the Department of Finance shall make recommendations to the Joint Legislative Budget Committee regarding appropriate changes to the ratio of funding from the Insurance Fund and the fees collected pursuant to subdivision (a).

(e) It is the intent of the Legislature that the revenue raised from the fee assessed pursuant to subdivision (a), and according to the ratio established pursuant to subdivision (d), be used to partially offset and reduce the amount of revenue appropriated annually from the Insurance Fund for funding of the Health Insurance Counseling and Advocacy Program.

(f) There shall be established in the State Treasury a "State HICAP Fund" administered by the California Department of Aging for the purpose of collecting fee assessments described in subdivision (a), and for the sole purpose of funding the Health Insurance Counseling and Advocacy Program.

(g) The department shall issue a supplemental billing during the 2005-06 fiscal year to generate additional revenue authorized by the act that amended this section during the 2005 portion of the 2005-06 Regular Session. Notwithstanding subdivision (h), the department may use a portion of the additional revenue generated in the 2005-06 fiscal year to pay for the costs associated with issuing this supplemental billing.

(h) It is the intent of the Legislature that, starting in the 2005-06 fiscal year, two million dollars ($2,000,000) of additional funding shall be made available to local HICAP programs, to be derived from an increase in the HICAP fee and the corresponding Insurance Fund pursuant to

subdivision (d). Any additional funding shall only be used for local HICAP funding and shall not be used for department or local area agencies on aging administration.

SEC. 20. Section 10075.6 of the Welfare and Institutions Code is amended to read:

10075.6. The Office of Systems Integration shall be the project manager of the electronic benefits transfer system, and shall be responsible for system planning, procurement, development, implementation, conversion, maintenance and operations, contract management, and all other activities that are consistent with a state-managed project and a statewide system.

SEC. 21. Section 10609.8 is added to the Welfare and Institutions Code, to read:

10609.8. On an annual basis, at the time of budget hearings, the State Department of Social Services shall provide information to the budget committees of the Legislature comparing the Governor's proposed statewide budget for the child welfare services program, including the augmentation and hold harmless funds, to the caseload standards recommended by the evaluation required under Section 10609.5, updated for an analysis of cost-of-doing-business increases and to account for the use of child welfare services funding for noncase-carrying activities, based on information supplied by counties, and measured on a statewide basis. The department shall consult with representatives of the County Welfare Directors Association in the development of statewide cost-of-doing-business increases and the average proportion of expenditures on noncase-carrying activities.

SEC. 22. Section 10823 of the Welfare and Institutions Code, as added by Section 20 of Chapter 606 of the Statutes of 1997, is amended to read:

10823. (a) (1) The Office of Systems Integration shall implement a statewide automated welfare system for the following public assistance programs:

(A) The CalWORKs program.

(B) The Food Stamp Program.

(C) The Medi-Cal Program.

(D) The foster care program.

(E) The refugee program.

(F) County medical services programs.

(2) Statewide implementation of the statewide automated welfare system for the programs listed in paragraph (1) shall be achieved through no more than four county consortia, including the Interim Statewide Automated Welfare System Consortium, and the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting System.

(b) Nothing in subdivision (a) transfers program policy responsibilities related to the public assistance programs specified in subdivision (a) from the State Department of Social Services or the State Department of Health Services to the Office of Systems Integration.

(c) On February 1 of each year, the Office of Systems Integration shall provide an annual report to the appropriate committees of the Legislature on the statewide automated welfare system implemented under this section. The report shall address the progress of state and consortia activities and any significant schedule, budget, or functionality changes in the project.

SEC. 23. Section 10823.1 of the Welfare and Institutions Code is repealed.

SEC. 25. Section 11322.8 of the Welfare and Institutions Code is amended to read:

11322.8. (a) Unless otherwise exempt, an adult recipient in a one-parent assistance unit shall participate in welfare-to-work activities for 32 hours each week.

(b) Unless otherwise exempt, an adult recipient who is an unemployed parent, as defined in Section 11201, shall participate in at least 35 hours of welfare-to-work activities each week. However, both parents in a two-parent assistance unit may contribute to the 35 hours if at least one parent meets the federal one-parent work requirement applicable on January 1, 1998.

(c) An adult recipient required to participate under subdivision (a) or (b) shall participate for at least 20 hours each week in core welfare-to-work activities. The welfare-to-work activities listed in subdivisions (a) to (j), inclusive, and (m) and (n) of Section 11322.6, are core activities for the purposes of this section. Participation in core activities under subdivision (m) of Section 11322.6 shall be limited to a total of 12 months. Additional hours that the applicant or recipient is required to participate under subdivisions (a) or (b) of this section may be satisfied by any of the welfare-to-work activities described in Section 11322.6 that are consistent with the assessment performed in accordance with Section 11325.4, and included in the individual's welfare-to-work plan, described in Section 11325.21.

(d) Hours spent in activities listed under subdivision (q) of Section 11322.6 shall count toward the core activity requirement in subdivision (c) to the extent that these activities are necessary to enable the individual to participate in core activities and to the extent these activities cannot be accomplished within the additional noncore hours of participation required by subdivision (c).

(e) Hours spent in classroom, laboratory, or internship activities pursuant to subdivisions (k), (*l*), (o), and (p) of Section 11322.6 shall

count toward the core activity requirement in subdivision (c) to the extent these activities cannot be accomplished within the additional noncore hours of participation, the county determines the program is likely to lead to self-supporting employment, and the recipient makes satisfactory progress. The provisions in paragraph (2), and subparagraphs (A) and (B) of paragraph (3), of subdivision (a) of Section 11325.23 shall apply to participants in these activities.

(f) Spending hours in any or all of the activities specified in subdivision (r) of Section 11322.6 shall not make a recipient ineligible to count activities set forth in subdivisions (d) and (e) toward the core activities requirements, as appropriate.

SEC. 26. Section 11453 of the Welfare and Institutions Code is amended to read:

11453. (a) Except as provided in subdivision (c), the amounts set forth in Section 11452 and subdivision (a) of Section 11450 shall be adjusted annually by the department to reflect any increases or decreases in the cost of living. These adjustments shall become effective July 1 of each year, unless otherwise specified by the Legislature. For the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, these adjustments shall become effective October 1 of each year. The cost-of-living adjustment shall be calculated by the Department of Finance based on the changes in the California Necessities Index, which as used in this section means the weighted average changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:

(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:

Food	$ 3,027
Clothing (apparel and upkeep)	406
Fuel and other utilities	529
Rent, residential	4,883
Transportation	1,757
Total	$10,602

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period ending with the December preceding the year for which the cost-of-living adjustment will take effect, for each

expenditure category specified in subdivision (a) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in subdivision (a) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).

(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in subdivision (d) for the prior year.

(b) The overall adjustment factor determined by the preceding computation steps shall be multiplied by the schedules established pursuant to Section 11452 and subdivision (a) of Section 11450 as are in effect during the month of June preceding the fiscal year in which the adjustments are to occur and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules which shall be filed with the Secretary of State.

(c) (1) No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91, 1991–92, 1992–93, 1993–94, 1994–95, 1995–96, 1996–97, and 1997–98 fiscal years, and through October 31, 1998, to reflect any change in the cost of living. For the 1998–99 fiscal year, the cost-of-living adjustment that would have been provided on July 1, 1998, pursuant to subdivision (a) shall be made on November 1, 1998. No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing the benefits under this chapter for the 2005-06 and 2006-07 fiscal years to reflect any change in the cost-of-living. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.

(2) No adjustment to the minimum basic standard of adequate care set forth in Section 11452 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91 and 1991–92 fiscal years to reflect any change in the cost of living.

(3) In any fiscal year commencing with the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, when there is any increase in tax relief pursuant to the applicable paragraph of subdivision (a) of Section 10754 of the Revenue and Taxation Code, then the increase pursuant to subdivision (a) of this section shall occur. In any fiscal year commencing with the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, when there is no increase in tax relief pursuant to the applicable paragraph of subdivision (a) of Section 10754 of the Revenue and Taxation Code, then any increase pursuant to subdivision (a) of this section shall be suspended.

(4) Notwithstanding paragraph (3), an adjustment to the maximum aid payments set forth in subdivision (a) of Section 11450 shall be made under this section for the 2002–03 fiscal year, but the adjustment shall become effective June 1, 2003.

(d) For the 2004–05 fiscal year, the adjustment to the maximum aid payment set forth in subdivision (a) shall be suspended for three months commencing on the first day of the first month following the effective date of the act adding this subdivision.

(e) Adjustments for subsequent fiscal years pursuant to this section shall not include any adjustments for any fiscal year in which the cost of living was suspended pursuant to subdivision (c).

SEC. 27. Section 11462 of the Welfare and Institutions Code is amended to read:

11462. (a) (1) Effective July 1, 1990, foster care providers licensed as group homes, as defined in departmental regulations, including public child care institutions, as defined in Section 11402.5, shall have rates established by classifying each group home program and applying the standardized schedule of rates. The department shall collect information from group providers beginning January 1, 1990, in order to classify each group home program.

(2) Notwithstanding paragraph (1), foster care providers licensed as group homes shall have rates established only if the group home is organized and operated on a nonprofit basis as required under subdivision (h) of Section 11400. The department shall terminate the rate effective January 1, 1993, of any group home not organized and operated on a nonprofit basis as required under subdivision (h) of Section 11400.

(3) (A) The department shall determine, consistent with the requirements of this chapter and other relevant requirements under law, the rate classification level (RCL) for each group home program on a

biennial basis. Submission of the biennial rate application shall be made according to a schedule determined by the department.

(B) The department shall adopt regulations to implement this paragraph. The adoption, amendment, repeal, or readoption of a regulation authorized by this paragraph is deemed to be necessary for the immediate preservation of the public peace, health and safety, or general welfare, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the department is hereby exempted from the requirement to describe specific facts showing the need for immediate action.

(b) A group home program shall be initially classified, for purposes of emergency regulations, according to the level of care and services to be provided using a point system developed by the department and described in the report, "The Classification of Group Home Programs under the Standardized Schedule of Rates System," prepared by the State Department of Social Services, August 30, 1989.

(c) The rate for each RCL has been determined by the department with data from the AFDC-FC Group Home Rate Classification Pilot Study. The rates effective July 1, 1990, were developed using 1985 calendar year costs and reflect adjustments to the costs for each fiscal year, starting with the 1986-87 fiscal year, by the amount of the California Necessities Index computed pursuant to the methodology described in Section 11453. The data obtained by the department using 1985 calendar year costs shall be updated and revised by January 1, 1993.

(d) As used in this section, "standardized schedule of rates" means a listing of the 14 rate classification levels, and the single rate established for each RCL.

(e) Except as specified in paragraph (1), the department shall determine the RCL for each group home program on a prospective basis, according to the level of care and services that the group home operator projects will be provided during the period of time for which the rate is being established.

(1) (A) For new and existing providers requesting the establishment of an RCL, and for existing group home programs requesting an RCL increase, the department shall determine the RCL no later than 13 months after the effective date of the provisional rate. The determination of the RCL shall be based on a program audit of documentation and other information that verifies the level of care and supervision provided by the group home program during a period of the two full calendar months or 60 consecutive days, whichever is longer, preceding the date of the program audit, unless the group home program requests a lower RCL. The program audit shall not cover the first six months of operation under the provisional rate. Pending the department's issuance of the program

audit report that determines the RCL for the group home program, the group home program shall be eligible to receive a provisional rate that shall be based on the level of care and service that the group home program proposes it will provide. The group home program shall be eligible to receive only the RCL determined by the department during the pendency of any appeal of the department's RCL determination.

(B) A group home program may apply for an increase in its RCL no earlier than two years from the date the department has determined the group home program's rate, unless the host county, the primary placing county, or a regional consortium of counties submits to the department in writing that the program is needed in that county, that the provider is capable of effectively and efficiently operating the proposed program, and that the provider is willing and able to accept AFDC-FC children for placement who are determined by the placing agency to need the level of care and services that will be provided by the program.

(C) To ensure efficient administration of the department's audit responsibilities, and to avoid the fraudulent creation of records, group home programs shall make records that are relevant to the RCL determination available to the department in a timely manner. Except as provided in this section, the department may refuse to consider, for purposes of determining the rate, any documents that are relevant to the determination of the RCL that are not made available by the group home provider by the date the group home provider requests a hearing on the department's RCL determination. The department may refuse to consider, for purposes of determining the rate, the following records, unless the group home provider makes the records available to the department during the fieldwork portion of the department's program audit:

(i) Records of each employee's full name, home address, occupation, and social security number.

(ii) Time records showing when the employee begins and ends each work period, meal periods, split shift intervals, and total daily hours worked.

(iii) Total wages paid each payroll period.

(iv) Records required to be maintained by licensed group home providers under Title 22 of the California Code of Regulations that are relevant to the RCL determination.

(D) To minimize financial abuse in the startup of group home programs, when the department's RCL determination is more than three levels lower than the RCL level proposed by the group home provider, and the group home provider does not appeal the department's RCL determination, the department shall terminate the rate of a group home program 45 days after issuance of its program audit report. When the group home provider requests a hearing on the department's RCL

determination, and the RCL determined by the director under subparagraph (E) is more than three levels lower than the RCL level proposed by the group home provider, the department shall terminate the rate of a group home program within 30 days of issuance of the director's decision. Notwithstanding the reapplication provisions in subparagraph (B), the department shall deny any request for a new or increased RCL from a group home provider whose RCL is terminated pursuant to this subparagraph, for a period of no greater than two years from the effective date of the RCL termination.

(E) A group home provider may request a hearing of the department's RCL determination under subparagraph (A) no later than 30 days after the date the department issues its RCL determination. The department's RCL determination shall be final if the group home provider does not request a hearing within the prescribed time. Within 60 days of receipt of the request for hearing, the department shall conduct a hearing on the RCL determination. The standard of proof shall be the preponderance of the evidence and the burden of proof shall be on the department. The hearing officer shall issue the proposed decision within 45 days of the close of the evidentiary record. The director shall adopt, reject, or modify the proposed decision, or refer the matter back to the hearing officer for additional evidence or findings within 100 days of issuance of the proposed decision. If the director takes no action on the proposed decision within the prescribed time, the proposed decision shall take effect by operation of law.

(2) Group home programs that fail to maintain at least the level of care and services associated with the RCL upon which their rate was established shall inform the department. The department shall develop regulations specifying procedures to be applied when a group home fails to maintain the level of services projected, including, but not limited to, rate reduction and recovery of overpayments.

(3) The department shall not reduce the rate, establish an overpayment, or take other actions pursuant to paragraph (2) for any period that a group home program maintains the level of care and services associated with the RCL for children actually residing in the facility. Determinations of levels of care and services shall be made in the same way as modifications of overpayments are made pursuant to paragraph (2) of subdivision (b) of Section 11466.2.

(4) A group home program that substantially changes its staffing pattern from that reported in the group home program statement shall provide notification of this change to all counties that have placed children currently in care. This notification shall be provided whether or not the RCL for the program may change as a result of the change in staffing pattern.

(f) (1) The standardized schedule of rates for the 2002-03, 2003-04, 2004-05, and 2005-06 fiscal years is:

Rate Classification Level	Point Ranges	FY 2002–03, 2003–04, 2004–05, and 2005-06 Standard Rate
1	Under 60	$1,454
2	60– 89	1,835
3	90–119	2,210
4	120–149	2,589
5	150–179	2,966
6	180–209	3,344
7	210–239	3,723
8	240–269	4,102
9	270–299	4,479
10	300–329	4,858
11	330–359	5,234
12	360–389	5,613
13	390–419	5,994
14	420 & Up	6,371

(2) (A) For group home programs that receive AFDC-FC payments for services performed during the 2002-03, 2003-04, 2004-05, and 2005-06 fiscal years, the adjusted RCL point ranges below shall be used for establishing the biennial rates for existing programs, pursuant to paragraph (3) of subdivision (a) and in performing program audits and in determining any resulting rate reduction, overpayment assessment, or other actions pursuant to paragraph (2) of subdivision (e):

Rate Classification Level	Adjusted Point Ranges for the 2002–03, 2003–04, 2004–05, and 2005-06 Fiscal Years
1	Under 54
2	54– 81
3	82–110
4	111–138
5	139–167
6	168–195
7	196–224
8	225–253
9	254–281
10	282–310

Rate Classification Level	Adjusted Point Ranges for the 2002–03, 2003–04, 2004–05, and 2005-06 Fiscal Years
11	311–338
12	339–367
13	368–395
14	396 & Up

(B) Notwithstanding subparagraph (A), foster care providers operating group homes during the 2002-03, 2003-04, 2004-05, and 2005-06 fiscal years shall remain responsible for ensuring the health and safety of the children placed in their programs in accordance with existing applicable provisions of the Health and Safety Code and community care licensing regulations, as contained in Title 22 of the Code of California Regulations.

(C) Subparagraph (A) shall not apply to program audits of group home programs with provisional rates established pursuant to paragraph (1) of subdivision (e). For those program audits, the RCL point ranges in paragraph (1) shall be used.

(g) (1) (A) For the 1999-2000 fiscal year, the standardized rate for each RCL shall be adjusted by an amount equal to the California Necessities Index computed pursuant to the methodology described in Section 11453. The resultant amounts shall constitute the new standardized schedule of rates, subject to further adjustment pursuant to subparagraph (B).

(B) In addition to the adjustment in subparagraph (A), commencing January 1, 2000, the standardized rate for each RCL shall be increased by 2.36 percent, rounded to the nearest dollar. The resultant amounts shall constitute the new standardized schedule of rates.

(2) Beginning with the 2000-01 fiscal year, the standardized schedule of rates shall be adjusted annually by an amount equal to the CNI computed pursuant to Section 11453, subject to the availability of funds. The resultant amounts shall constitute the new standardized schedule of rates.

(3) Effective January 1, 2001, the amount included in the standard rate for each Rate Classification Level (RCL) for the salaries, wages, and benefits for staff providing child care and supervision or performing social work activities, or both, shall be increased by 10 percent. This additional funding shall be used by group home programs solely to supplement staffing, salaries, wages, and benefit levels of staff specified in this paragraph. The standard rate for each RCL shall be recomputed using this adjusted amount and the resultant rates shall constitute the

new standardized schedule of rates. The department may require a group home receiving this additional funding to certify that the funding was utilized in accordance with the provisions of this section.

(h) The standardized schedule of rates pursuant to subdivisions (f) and (g) shall be implemented as follows:

(1) Any group home program that received an AFDC-FC rate in the prior fiscal year at or above the standard rate for the RCL in the current fiscal year shall continue to receive that rate.

(2) Any group home program that received an AFDC-FC rate in the prior fiscal year below the standard rate for the RCL in the current fiscal year shall receive the RCL rate for the current year.

(i) (1) The department shall not establish a rate for a new program of a new or existing provider, or for an existing program at a new location of an existing provider, unless the provider submits a letter of recommendation from the host county, the primary placing county, or a regional consortium of counties that includes all of the following:

(A) That the program is needed by that county.

(B) That the provider is capable of effectively and efficiently operating the program.

(C) That the provider is willing and able to accept AFDC-FC children for placement who are determined by the placing agency to need the level of care and services that will be provided by the program.

(D) That, if the letter of recommendation is not being issued by the host county, the primary placing county has notified the host county of its intention to issue the letter and the host county was given the opportunity 30 days to respond to this notification and to discuss options with the primary placing county.

(2) The department shall encourage the establishment of consortia of county placing agencies on a regional basis for the purpose of making decisions and recommendations about the need for, and use of, group home programs and other foster care providers within the regions.

(3) The department shall annually conduct a county-by-county survey to determine the unmet placement needs of children placed pursuant to Section 300 and Section 601 or 602, and shall publish its findings by November 1 of each year.

(j) The department shall develop regulations specifying ratesetting procedures for program expansions, reductions, or modifications, including increases or decreases in licensed capacity, or increases or decreases in level of care or services.

(k) (1) For the purpose of this subdivision, "program change" means any alteration to an existing group home program planned by a provider that will increase the RCL or AFDC-FC rate. An increase in the licensed capacity or other alteration to an existing group home program that does

not increase the RCL or AFDC-FC rate shall not constitute a program change.

(2) For the 1998-99, 1999-2000, and 2000-01 fiscal years, the rate for a group home program shall not increase, as the result of a program change, from the rate established for the program effective July 1, 2000, and as adjusted pursuant to subparagraph (B) of paragraph (1) of subdivision (g), except as provided in paragraph (3).

(3) (A) For the 1998-99, 1999-2000, and 2000-01 fiscal years, the department shall not establish a rate for a new program of a new or existing provider or approve a program change for an existing provider that either increases the program's RCL or AFDC-FC rate, or increases the licensed capacity of the program as a result of decreases in another program with a lower RCL or lower AFDC-FC rate that is operated by that provider, unless both of the following conditions are met:

(i) The licensee obtains a letter of recommendation from the host county, primary placing county, or regional consortium of counties regarding the proposed program change or new program.

(ii) The county determines that there is no increased cost to the General Fund.

(B) Notwithstanding subparagraph (A), the department may grant a request for a new program or program change, not to exceed 25 beds, statewide, if both of the following conditions are met:

(i) The licensee obtains a letter of recommendation from the host county, primary placing county, or regional consortium of counties regarding the proposed program change or new program.

(ii) The department determines that the new program or program change will result in a reduction of referrals to state hospitals during the 1998-99 fiscal year.

(*l*) General unrestricted or undesignated private charitable donations and contributions made to charitable or nonprofit organizations shall not be deducted from the cost of providing services pursuant to this section. The donations and contributions shall not be considered in any determination of maximum expenditures made by the department.

(m) The department shall, by October 1 of each year, commencing October 1, 1992, provide the Joint Legislative Budget Committee with a list of any new departmental requirements established during the previous fiscal year concerning the operation of group homes, and of any unusual, industrywide increase in costs associated with the provision of group care that may have significant fiscal impact on providers of group homes care. The committee may, in fiscal year 1993-94 and beyond, use the list to determine whether an appropriation for rate adjustments is needed in the subsequent fiscal year.

SEC. 28. Section 11522 is added to the Welfare and Institutions Code, to read:

11522. The department, in conjunction with participating representatives of counties and the Legislature, shall develop approaches to improving data collection and management information reporting in the CalWORKs program.

SEC. 29. Section 12201 of the Welfare and Institutions Code is amended to read:

12201. (a) Except as provided in subdivision (d), the payment schedules set forth in Section 12200 shall be adjusted annually to reflect any increases or decreases in the cost of living. Except as provided in subdivision (e), these adjustments shall become effective January 1 of each year. The cost-of-living adjustment shall be based on the changes in the California Necessities Index, which as used in this section shall be the weighted average of changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:

(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:

Food	$ 3,027
Clothing (apparel and upkeep)	406
Fuel and other utilities	529
Rent, residential	4,883
Transportation	1,757
Total	$10,602

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period which ends 12 months prior to the January in which the cost-of-living adjustment will take effect, for each expenditure category specified in paragraph (1) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting

factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in paragraph (1) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).

(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in paragraph (4) for the prior year.

(b) The overall adjustment factor determined by the preceding computational steps shall be multiplied by the payment schedules established pursuant to Section 12200 as are in effect during the month of December preceding the calendar year in which the adjustments are to occur, and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules for the categories given under subdivisions (a), (b), (c), (d), (e), (f), and (g) of Section 12200, and shall be filed with the Secretary of State. The amount as set forth in subdivision (h) of Section 12200 shall be adjusted annually pursuant to this section in the event that the secretary agrees to administer payment under that subdivision. The payment schedule for subdivision (i) of Section 12200 shall be computed as specified, based on the new payment schedules for subdivisions (a), (b), (c), and (d) of Section 12200.

(c) The department shall adjust any amounts of aid under this chapter to insure that the minimum level required by the Social Security Act in order to maintain eligibility for funds under Title XIX of that act is met.

(d) (1) No adjustment shall be made under this section for the 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 2004, 2006 and 2007 calendar years to reflect any change in the cost of living. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 12201.05, and no further reduction shall be made pursuant to that section.

(2) Any cost-of-living adjustment granted under this section for any calendar year shall not include adjustments for any calendar year in which the cost of living was suspended pursuant to paragraph (1).

(e) For the 2003 calendar year, the adjustment required by this section shall become effective June 1, 2003.

(f) For the 2005 calendar year, the adjustment required by this section shall become effective April 1, 2005.

SEC. 29.3. Section 12201.03 of the Welfare and Institutions Code is amended to read:

12201.03. (a) For the 1992, 1993, 1994, 1995, 1996, 1997, and 1998 calendar years, or for the period of January 1, 2003, to May 31, 2003, inclusive, if no cost-of-living adjustment is made pursuant to Section 12201, the payment schedules set forth in Sections 12200, 13920, and 13921, as adjusted pursuant to Section 12201, shall include the pass along of any cost-of-living increases in federal benefits under Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code.

(b) Notwithstanding paragraph (2) of subdivision (d) of Section 12201, any adjustments made pursuant to this section to reflect the pass along of federal cost-of-living adjustments shall be included in the base amounts for purposes of determining cost-of-living adjustments made pursuant to Section 12201.

(c) Notwithstanding subdivision (a), no pass along of any cost-of-living increase in federal benefits under Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code shall be made in 1994. This provision shall not apply to those persons receiving payments pursuant to subdivisions (e), (g), and (h) of Section 12200.

(d) Notwithstanding subdivision (a), in no event shall the payment schedules be reduced below the level required by the federal Social Security Act in order to maintain eligibility for federal funding under Title XIX of the federal Social Security Act, contained in Subchapter 19 (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.

(e) Notwithstanding subdivisions (a) and (c), for the 2006 calendar year, the pass along of any cost-of-living increase in federal benefits under Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code shall not become effective until April 1, 2006, and for the 2007 calendar year, the pass along of any cost-of-living increase in federal benefits under Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code shall not become effective until April 1, 2007. This subdivision shall not apply to those persons receiving payments pursuant to subdivisions (e), (g), and (h) of Section 12200.

SEC. 29.5. Section 12201.05 of the Welfare and Institutions Code is amended to read:

12201.05. (a) Commencing with the 2004 calendar year, and thereafter, in any calendar year in which no cost-of-living adjustment is made pursuant to Section 12201, the payment schedules set forth in Sections 12200, 13920, and 13921, as adjusted pursuant to Section 12201,

shall include the pass along of any cost-of-living increases in federal benefits under Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code, except as follows:

(1) For the 2006 calendar year, the federal pass along shall not become effective until April 1, 2006. This delay shall not apply to those persons receiving payments pursuant to subdivisions (e), (g), and (h) of Section 12200.

(2) For the 2007 calendar year, the federal pass along shall not become effective until April 1, 2007. This delay shall not apply to those persons receiving payments pursuant to subdivisions (e), (g), and (h) of Section 12200.

(b) Notwithstanding paragraph (2) of subdivision (d) of Section 12201, any adjustments made pursuant to this section to reflect the pass-along of federal cost-of-living adjustments shall be included in the base amounts for purposes of determining cost-of-living adjustments made pursuant to Section 12201.

SEC. 30. Section 12305.1 of the Welfare and Institutions Code is amended to read:

12305.1. (a) Any aged, blind, or disabled individual who is receiving Medi-Cal personal care services pursuant to subdivision (p) of Section 14132.95, and who would otherwise be deemed a categorically needy recipient pursuant to Section 12305, is eligible to receive a supplementary payment under this article to be used towards the purchase of personal care services. Additionally, any aged, blind, or disabled individual who is receiving services pursuant to Section 14132.951, and who would otherwise be deemed a categorically needy recipient pursuant to Section 12305 is eligible to receive a supplementary payment under this article to be used towards the purchase of services under Section 14132.951.

(b) A supplementary payment pursuant to this section shall be the difference between the following amounts:

(1) A beneficiary's excess income as determined under Section 12304.5.

(2) The beneficiary's nonexempt income as determined pursuant to Section 14005.7, in excess of the income levels for maintenance need pursuant to Section 14005.12.

(c) Notwithstanding subdivisions (a) and (b), no supplementary payment shall be made pursuant to this section unless the amount specified in paragraph (2) of subdivision (b) is larger than the amount specified in paragraph (1) of subdivision (b).

(d) In the event of a final judicial determination by any court of appellate jurisdiction or a final determination by the Administrator of the federal Centers for Medicare and Medicaid Services that supplemental payments to medically needy persons not receiving services pursuant to

subdivision (p) of Section 14132.95 must be made, then this section and subdivision (p) of Section 14132.95 shall cease to be operative on the first day of the month that begins after the expiration of a period of 30 days subsequent to a notification in writing by the Director of Finance to the chairperson of the committee in each house 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.

(e) In the event that the Department of Finance determines that the costs of the supplementary payments made under this section exceed the savings resulting from federal financial participation in providing services under subdivision (p) of Section 14132.95, this section and subdivision (p) of Section 14132.95 shall cease to be operative on the first day of the first month following such a determination and a 30-day notification in writing by the Department of Finance to the chairperson of the committee in each house of the Legislature that considers appropriations, the chairperson of the committees and the appropriate subcommittees in each house that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee. Persons who had been eligible for a supplementary payment under this section shall be eligible to receive uninterrupted services pursuant to Article 7 (commencing with Section 12300) of Chapter 3, if otherwise eligible.

(f) (1) Notwithstanding 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, until emergency regulations are filed with the Secretary of State, the department may implement this section through all-county letters or similar instructions from the director. The department shall adopt emergency regulations implementing this section no later than September 30, 2006, unless notification of a delay is made to the Chair of the Joint Legislative Budget Committee prior to that date. The notification shall include the reason for the delay, the current status of the emergency regulations, a date by which the emergency regulations shall be adopted, and a statement of need to continue use of all-county letters or similar instructions. Under no circumstances shall the adoption of emergency regulations be delayed, or the use of all-county letters or similar instructions be extended, beyond June 30, 2007.

(2) The adoption of regulations implementing this section shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare. The emergency regulations authorized by this section shall be exempt from review by the Office of Administrative Law. The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law

for filing with the Secretary of State and shall remain in effect for no more than 180 days, by which time final regulations shall be promulgated.

SEC. 31. Section 15200 of the Welfare and Institutions Code, as amended by Section 7 of Chapter 1055 of the Statutes of 1998, is repealed.

SEC. 32. Section 15200 of the Welfare and Institutions Code, as amended by Section 8 of Chapter 1055 of the Statutes of 1998, is amended to read:

15200. There is hereby appropriated out of any money in the State Treasury not otherwise appropriated, and after deducting federal funds available, the following sums:

(a) To each county for the support and maintenance of needy children, 95 percent of the sums specified in subdivision (a), and paragraphs (1) and (2) of subdivision (e), of Section 11450.

(b) To each county for the support and maintenance of pregnant mothers, 95 percent of the sum specified in subdivisions (b) and (c) of Section 11450.

(c) For the adequate care of each child pursuant to subdivision (d) of Section 11450, as follows:

(1) For any county that meets the performance standards or outcome measures in Section 11215, an amount equal to 40 percent of the sum necessary for the adequate care of each child.

(2) For any county that does not meet the performance standards or outcome measures in Section 11215, an amount which shall not be less than 67.5 percent of one hundred twenty dollars ($120), and multiplied by the number of children receiving foster care in the county, added to an additional twelve dollars and fifty cents ($12.50) a month per eligible child.

(3) The department shall determine the percentage of state reimbursement for those counties that fail to meet the requirements of subparagraph (1) according to the regulations required by subdivision (b) of Section 11215.

(d) Notwithstanding subdivision (c), the amount of funds appropriated from the General Fund in the annual Budget Act that equates to the amount claimed under the Emergency Assistance Program that has been included in the state's Temporary Assistance for Needy Families block grant for foster care maintenance payments shall be considered federal funds for the purposes of calculating the county share of cost, provided the expenditure of these funds contributes to the state meeting its federal maintenance of effort requirements.

(e) To each county for the support and care of hard-to-place adoptive children, 75 percent of the nonfederal share of the amount specified in Section 16121.

(f) To each county for the support and care of former dependent children who have been made wards of related guardians, an amount equal to 50 percent of the Kin-GAP payment under Article 4.5 (commencing with Section 11360) of Chapter 2 minus the federal TANF block grant contribution specified in Section 11364.

(g) The State Department of Social Services shall not implement any change in the current funding ratios to counties as a reimbursement for out-of-home care placement until the development of a new performance standard system. The State Department of Social Services shall notify the Department of Finance when the new performance standard system is developed and ready for implementation. The Department of Finance, pursuant to the provisions of Section 28 of the Budget Act, shall notify the Joint Legislative Budget Committee in writing of its intent to implement a new performance standard that would impact the counties' funding allocation. The notification shall include the text of the draft regulations to implement the performance standards. Any adjustment in the county funding allocation shall not be implemented sooner than 60 days after receipt and review of the new performance standard by the Joint Legislative Budget Committee and a review of the proposed changes by the Legislative Analyst.

(h) Federal funds received under Title XX of the federal Social Security Act (42 U.S.C. Sec. 1397 et seq.) and appropriated by the Legislature for the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program shall be considered part of the state share of cost and not part of the federal expenditures for purposes of subdivision (c).

SEC. 33. Section 15204.2 of the Welfare and Institutions Code is amended to read:

15204.2. (a) It is the intent of the Legislature that the annual Budget Act appropriate state and federal funds in a single allocation to counties for the support of administrative activities undertaken by the counties to provide benefit payments to recipients of aid under Chapter 2 (commencing with Section 11200) of Part 3 and to provide required work activities and supportive services in order to efficiently and effectively carry out the purposes of that chapter.

(b) (1) No later than 30 days after the enactment of the Budget Act of 2004, the State Department of Social Services, in consultation with the County Welfare Directors Association, shall estimate the amount of unspent funds appropriated in the 2003–04 fiscal year single allocation described in this section.

(2) Unspent funds appropriated in the 2003-04 fiscal year single allocation, not to exceed forty million dollars ($40,000,000), shall be reappropriated to, and in augmentation of, Item 5180-101-0890 of Section 2.00 of the Budget Act of 2004. The State Department of Social Services,

in consultation with the County Welfare Directors Association, shall develop an allocation methodology for these funds. A planning allocation, based on the estimated amount of unspent funds and the agreed upon allocation methodology, shall be provided to the counties no later than 30 days after the enactment of the Budget Act of 2004.

(c) (1) No later than 30 days after the enactment of the Budget Act of 2005, the State Department of Social Services, in consultation with the County Welfare Directors Association, shall estimate the amount of unspent funds appropriated in the 2004-05 fiscal year single allocation described in this section.

(2) Unspent funds appropriated in the 2004-05 fiscal year single allocation, not to exceed fifty million dollars ($50,000,000), shall be reappropriated to, and in augmentation of, Item 5180-101-0890 of Section 2.00 of the Budget Act of 2005. The State Department of Social Services, in consultation with the County Welfare Directors Association, shall develop an allocation methodology for these funds in order to partially offset the estimated savings due to the implementation of the quarterly reporting/prospective budgeting. A planning allocation, based on the estimated amount of unspent funds and the agreed upon allocation methodology, shall be provided to the counties no later than 30 days after the enactment of the Budget Act of 2005.

(d) The State Department of Social Services shall work with the County Welfare Directors Association to determine the effect of implementation of the quarterly reporting/prospective budgeting system on eligibility activities and evaluate the impact on administrative costs.

SEC. 34. Section 15204.6 is added to the Welfare and Institutions Code, to read:

15204.6. (a) Contingent upon a Budget Act appropriation, for the 2006-07, 2007-08, and 2008-09 fiscal years, a Pay for Performance Program shall provide additional funding for counties that meet the standards developed according to subdivision (c) in their welfare-to-work programs under Article 3.2 (commencing with Section 11320) of Chapter 2. The state shall have no obligation to pay incentives earned that exceed the funds appropriated for the year in which the incentives were earned.

(b) To the extent that funds are appropriated, the maximum total funds available to each county each year under the Pay for Performance Program shall be 5 percent of the funds the county receives that year, less the amount for child care, from the single allocation under Section 15204.2. If funds appropriated for this section are less than the incentives earned under this subdivision, each county's allocation under this section shall be prorated based on the amount of funds appropriated for that year.

(c) The funds available to each county under the Pay for Performance Program shall be divided each year into as many equal parts as there are measures established for the year under this subdivision. A county shall earn payment of one equal part for each improvement standard that it achieves for the year or by ranking in the top 20 percent of all counties in a measure identified in paragraphs (1), (2), (3), and (4). The department shall consult with the County Welfare Directors Association, legislative staff, and other stakeholders, when developing improvement standards and the methodology for earning and distributing incentives for each of the following measures:

(1) The employment rate of county CalWORKs cases.

(2) The federal participation rates of county CalWORKs cases, calculated in accordance with Section 607 of Title 42 of the United States Code, but excluding individuals who are exempt in accordance with Section 11320.3 and including sanctioned cases and cases participating in activities described in subdivision (q) of Section 11322.6. If valid data does not exist to measure this outcome, the funds for this measure shall be made available for the Pay for Performance Program in the following fiscal year.

(3) The percentage of county CalWORKs cases that have earned income three months after ceasing to receive assistance under Section 11450.

(4) Any additional measures that the department may establish in consultation with the County Welfare Directors Association, legislative staff, and other stakeholders.

(d) Performance measures, standards, outcomes, and payments to counties under subdivisions (a), (b), and (c) shall be based on the following schedule:

(1) For the performance measure described in paragraph (2) of subdivision (c), payments in fiscal year 2006-07 shall be based on outcomes for the period of July 1, 2005, through December 31, 2005, compared to outcomes for the period of January 1, 2006, through June 30, 2006, and payments in fiscal year 2007-08 and 2008-09 shall be based on outcomes for the fiscal year prior to payment, compared to outcomes for the fiscal year two years prior to payment.

(2) For all other performance measures, payments shall be based on outcomes for the fiscal year prior to payment, compared to outcomes for the fiscal year two years prior to payment.

(e) The department may make further adjustments to any of the performance measures listed under subdivision (c), in consultation with the County Welfare Directors Association, legislative staff, and other stakeholders.

(f) The funds paid in accordance with this section may only be used in accordance with subdivisions (f) and (g) of Section 10544.1 and only for the purpose of enhancing family self-sufficiency. Funds earned by a county in accordance with this section shall be available for expenditure in the fiscal year that they are received and the following two fiscal years. Following the period of availability, and notwithstanding any provisions of subdivision (f) of Section 10544.1 to the contrary, any unspent balance shall revert to the Temporary Assistance for Needy Families (TANF) block grant.

(g) Any funds appropriated by the Legislature for the Pay for Performance Program, but not earned by a county, shall revert to the TANF block grant at the end of the fiscal year for which the funds were appropriated.

(h) Notwithstanding the rulemaking provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement this section through all-county letters throughout the duration of the Pay for Performance Program.

SEC. 35. Section 16500.9 is added to the Welfare and Institutions Code, to read:

16500.9. The department shall establish one full-time position, within the office of the director, to assist counties in complying with the federal Indian Child Welfare Act (25 U.S.C. Sec. 1901 et seq.) and related state laws, regulations, and rules of court. This assistance shall include, but not be limited to, all of the following:

(a) Acting as a clearinghouse for up-to-date information regarding tribes within and outside of the state.

(b) Providing information and support regarding the requirements of laws, regulations, and rules of court in juvenile dependency cases involving a child who is subject to the federal Indian Child Welfare Act.

(c) Providing or coordinating training and technical assistance for counties regarding the requirements described in subdivision (b).

SEC. 36. Section 16501.7 is added to the Welfare and Institutions Code, to read:

16501.7. (a) On or before December 1, 2005, the State Department of Social Services shall develop, and provide to the Chairperson of the Joint Legislative Budget Committee, a Child Welfare Services/Case Management System system performance commitments plan. The plan shall be developed in conjunction with the Office of System Integration, the Department of Technology Services, and the County Welfare Directors Association.

(b) (1) The plan developed as required by subdivision (a) shall include, but not be limited to, performance standards for system

availability, application transaction time, batch processing windows, data downloads, a process for the identification, tracking, and response of repair service requests, data backup and recovery, help desk responsiveness, and a process for security incidents.

(2) The plan may include print time.

(3) The plan shall describe all of the following:

(A) The mechanism for tracking system performance.

(B) Corrective action protocols.

(C) The steps that will be taken should performance fall below standards for a specified period of time.

(c) It is the intent of the Legislature that the plan developed pursuant to this section shall do all of the following:

(1) Appropriately assign responsibility for ensuring service levels to the entity accountable.

(2) Prioritize implementation of components of the plan.

(3) Address implementation feasibility of the plan's components, including any issues regarding plan implementation that need to be addressed.

SEC. 36.5. Section 18355.5 is added to the Welfare and Institutions Code, to read:

18355.5. Notwithstanding any other provision of law, counties shall not claim reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code for costs of 24-hour out-of-home care for seriously emotionally disturbed children who are placed in accordance with Section 7572.5 of the Government Code, if those costs are claimed by the county under this chapter and the county receives reimbursement for those costs through the Local Revenue Fund established pursuant to Section 17600.

SEC. 37. Section 18926 is added to the Welfare and Institutions Code, to read:

18926. (a) To the extent permitted by federal law, the department shall annually seek a federal waiver of the existing Food Stamp Program limitation that stipulates that an able-bodied adult without dependents (ABAWD) participant is limited to three months of food stamps in a three-year period unless that participant has met the work participation requirement.

(b) All eligible counties shall be included in and bound by this waiver unless a county declines to participate in the waiver request. If a county declines, the county shall submit documentation from the board of supervisors of that county to that effect.

(c) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part

1 of Division 2 of the Government Code) the department may implement this section by all county letters or similar instructions.

SEC. 38. (a) The State Department of Alcohol and Drug Programs shall, by April 1, 2006, conduct and submit to the Legislature a study of the effectiveness of the Substance Abuse and Crime Prevention Act of 2000, enacted by the voters by Proposition 36 at the November 2000 statewide primary election. The study shall include, but not be limited to, a benefit-cost analysis of the act's implementation that examines costs and cost avoidance related to substance abuse treatment, health and social services, criminal justice, and other benefit costs, such as employment and tax revenues, for state and local government, where possible.

(b) The Employment Development Department shall provide to the State Department of Alcohol and Drug Programs, by January 1, 2006, any information requested by the State Department of Alcohol and Drug Programs necessary for the completion of a benefit-cost analysis of the Substance Abuse Crime Prevention Act of 2000.

SEC. 39. The State Department of Social Services shall provide information, by September 30, 2005, to 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, on the distribution and programmatic impact, including, but not limited to, on the Community Care Licensing Division of the department, of the unallocated reduction included in the Budget Act of 2005. It is the intent of the Legislature, as reflected in the 2005-06 appropriation for the State Department of Social Services, that one million four hundred thousand dollars ($1,400,000) of the unallocated reduction be restored, and that this funding be used to ensure that all available Community Care Licensing Division positions are filled and that statutorily required licensing visit and background check workload is completed.

SEC. 40. The California Health and Human Services Agency shall periodically brief stakeholders in the 2005 and 2006 calendar years to review options to streamline and standardize criminal background check requirements and processing.

SEC. 41. The State Department of Social Services shall periodically brief stakeholders in the 2005 and 2006 calendar years to do both of the following:

(a) Discuss ongoing efforts to reform the community care licensing visit process and ensure that all statutorily required visits are made.

(b) Consider implementation of the substitute child care employee registry program.

SEC. 42. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 43. 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 the necessary statutory changes to implement the Budget Act of 2005 at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 79

An act to make an appropriation in augmentation of the Budget Act of 2004, relating to contingencies and emergencies, to take effect immediately as an appropriation for the usual current expenses of the state.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. The sum of two hundred sixty million eighty-two thousand dollars ($260,082,000) is hereby appropriated for expenditures for the 2004-05 fiscal year in augmentation of Item 9840-001-0001 of Section 2.00 of the Budget Act of 2004 (Chapter 208 of the Statutes of 2004), and the sum of nine hundred sixty-four thousand dollars ($964,000) is hereby appropriated for expenditures for the 2004-05 fiscal year in augmentation of Item 9840-001-0988 of Section 2.00 of the Budget Act of 2004 (Chapter 208 of the Statutes of 2004). Notwithstanding Provision 7 of Item 9840-001-0001, these funds shall be allocated by the State Controller in accordance with the following schedule:

(1) Twelve million, six hundred seventy-three thousand dollars ($12,673,000) to Item 0890-001-0001, Schedule (3) Special Item of Expense - Election Related Costs.

(2) Five million three hundred eighty-nine thousand dollars ($5,389,000) to Item 4260-001-0001, Schedule (2) 20 - Health Care Services.

(3) Eight million eight hundred seventy-two thousand dollars ($8,872,000) to Item 4440-011-0001, Schedule (2) 20.20 - Long-Term Care Services - Penal Code and Judicially Committed.

(4) Two hundred twenty-seven million eight hundred thirteen thousand dollars ($227,813,000) to Item 5240-001-0001, Schedule (1) 21 - Institution Program.

(5) Five million three hundred thirty-five thousand dollars ($5,335,000) to Item 5240-101-0001, Schedule (1) 21 - Institution Program.

(6) Nine hundred sixty-four thousand dollars ($964,000) to Item 5240-001-0917, Schedule (1) 21 - Institution Program.

SEC. 2. Any unencumbered balance, as of June 30, 2005, of the funds appropriated within any of the items identified in Section 1 of this measure shall revert to the General Fund.

SEC. 3. This act makes an appropriation for the usual and current expenses of the state within the meaning of Article IV of the Constitution and shall go into immediate effect.

CHAPTER 80

An act to amend Sections 1276, 1797.198, 1797.199, 101317, and 120955 of, and to add Section 123929 to, the Health and Safety Code, to amend Sections 12693.325, 12693.36, 12699.52, 12699.53, 12699.54, 12699.56, 12699.57, 12699.59, and 12699.63 of, and to add Section 12693.50 to, the Insurance Code, and to amend Sections 4643, 4648.4, 4681.5, 4691.6, 4781.5, 4851, 5775, 6606, 14043.46, 14085.6, 14087.54, 14105.48, 14105.7, 14132, 14154, 14495.10, and 16809 of, to amend and repeal Section 14115.8 of, to add Sections 4685.7, 10506, 14001.11, 14011.65, 14093.06, 14105.23, 14105.24, and 14133.23 to, to add and repeal Section 14080 of, and to repeal Section 4685.5 of, the Welfare and Institutions Code, relating to health and human services, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 1276 of the Health and Safety Code is amended to read:

1276. (a) The building standards published in the State Building Standards Code by the Office of Statewide Health Planning and Development, and the regulations adopted by the state department shall, as applicable, prescribe standards of adequacy, safety, and sanitation of the physical plant, of staffing with duly qualified licensed personnel, and of services, based on the type of health facility and the needs of the persons served thereby.

(b) These regulations shall permit program flexibility by the use of alternate concepts, methods, procedures, techniques, equipment, personnel qualifications, bulk purchasing of pharmaceuticals, or conducting of pilot projects as long as statutory requirements are met and the use has the prior written approval of the department or the office, as applicable. The approval of the department or the office shall provide for the terms and conditions under which the exception is granted. A written request plus supporting evidence shall be submitted by the applicant or licensee to the department or office regarding the exception, as applicable.

(c) While it is the intent of the Legislature that health facilities shall maintain continuous, ongoing compliance with the licensing rules and regulations, it is the further intent of the Legislature that the state department expeditiously review and approve, if appropriate, applications for program flexibility. The Legislature recognizes that health care technology, practice, pharmaceutical procurement systems, and personnel qualifications and availability are changing rapidly. Therefore, requests for program flexibility require expeditious consideration.

(d) The state department shall, on or before April 1, 1989, develop a standardized form and format for requests by health facilities for program flexibility. Health facilities shall thereafter apply to the state department for program flexibility in the prescribed manner. After the state department receives a complete application requesting program flexibility, it shall have 60 days within which to approve, approve with conditions or modifications, or deny the application. Denials and approvals with conditions or modifications shall be accompanied by an analysis and a detailed justification for any conditions or modifications imposed. Summary denials to meet the 60-day timeframe shall not be permitted.

(e) Notwithstanding any other provision of law or regulation, the State Department of Health Services shall provide flexibility in its pharmaceutical services requirements to permit any state department that operates state facilities subject to these provisions to establish a single statewide formulary or to procure pharmaceuticals through a departmentwide or multidepartment bulk purchasing arrangement. It is the intent of the Legislature that consolidation of these activities be

permitted in order to allow the more cost-effective use and procurement of pharmaceuticals for the benefit of patients and residents of state facilities.

SEC. 1.1. Section 1797.198 of the Health and Safety Code is amended to read:

1797.198. The Legislature finds and declares all of the following:

(a) Trauma care is an essential public service. It is as vital to the safety of the public as the services provided by law enforcement and fire departments. In communities with access to trauma centers, mortality and morbidity rates from traumatic injuries are significantly reduced. For the same reasons that each community in California needs timely access to the services of skilled police, paramedics, and fire personnel, each community needs access to the services provided by certified trauma centers.

(b) Trauma centers save lives by providing immediate coordination of highly specialized care for the most life-threatening injuries.

(c) Trauma centers save lives, and also save money, because access to trauma care can mean the difference between full recovery from a traumatic injury, and serious disability necessitating expensive long-term care.

(d) Trauma centers do their job most effectively as part of a system that includes a local plan with a means of immediately identifying trauma cases and transporting those patients to the nearest trauma center.

(e) It is essential for persons in need of trauma care to receive that care within the 60-minute period immediately following injury. It is during this period, referred to as the "golden hour," when the potential for survival is greatest, and the need for treatment for shock or injury is most critical.

(f) It is the intent of the Legislature in enacting this act to promote access to trauma care by ensuring the availability of services through EMS agency-designated trauma centers.

SEC. 1.2. Section 1797.199 of the Health and Safety Code is amended to read:

1797.199. (a) There is hereby created in the State Treasury, the Trauma Care Fund, which, notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated without regard to fiscal years to the authority for the purposes specified in subdivision (c).

(b) The fund shall contain any moneys deposited in the fund pursuant to appropriation by the Legislature or from any other source, as well as, notwithstanding Section 16305.7 of the Government Code, any interest and dividends earned on moneys in the fund.

(c) Moneys in the fund shall be expended by the authority to provide for allocations to local EMS agencies, for distribution to local EMS agency-designated trauma centers provided for by this chapter.

(d) Within 30 days of the effective date of the enactment of an appropriation for purposes of implementing this chapter, the authority shall request all local EMS agencies with an approved trauma plan, that includes at least one designated trauma center, to submit within 45 days of the request the total number of trauma patients and the number of trauma patients at each facility that were reported to the local trauma registry for the most recent fiscal year for which data are available, pursuant to Section 100257 of Title 22 of the California Code of Regulations. However, the local EMS agency's report shall not include any registry entry that is in reference to a patient who is discharged from the trauma center's emergency department without being admitted to the hospital unless the nonadmission is due to the patient's death or transfer to another facility. Any local EMS agency that fails to provide these data shall not receive funding pursuant to this section.

(e) Except as provided in subdivision (m), the authority shall distribute all funds to local EMS agencies with an approved trauma plan that includes at least one designated trauma center in the local EMS agency's jurisdiction as of July 1 of the fiscal year in which funds are to be distributed.

(1) The amount provided to each local EMS agency shall be in the same proportion as the total number of trauma patients reported to the local trauma registry for each local EMS agency's area of jurisdiction compared to the total number of all trauma patients statewide as reported under subdivision (d).

(2) The authority shall send a contract to each local EMS agency that is to receive funds within 30 days of receiving the required data and shall distribute the funds to a local EMS agency within 30 days of receiving a signed contract and invoice from the agency.

(f) Local EMS agencies that receive funding under this chapter shall distribute all those funds to eligible trauma centers, except that an agency may expend 1 percent for administration. It is the intent of the Legislature that the funds distributed to eligible trauma centers be spent on trauma services. The funds shall not be used to supplant existing funds designated for trauma services or for training ordinarily provided by the trauma hospital. The local EMS agency shall utilize a competitive grant-based system. All grant proposals shall demonstrate that funding is needed because the trauma center cares for a high percentage of uninsured patients. Local EMS agencies shall determine distribution of funds based on whether the grant proposal satisfies one or more of the following criteria:

(1) The preservation or restoration of specialty physician and surgeon oncall coverage that is demonstrated to be essential for trauma services within a specified hospital.

(2) The acquisition of equipment that is demonstrated to be essential for trauma services within a specified hospital.

(3) The creation of overflow or surge capacity to allow a trauma hospital to respond to mass casualties resulting from an act of terrorism or natural disaster.

(4) The coordination or payment of emergency, nonemergency, and critical care ambulance transportation that would allow for the time-urgent movement or transfer of critically injured patients to trauma centers outside of the originating region so that specialty services or a higher level of care may be provided as necessary without undue delay.

(g) A trauma center shall be eligible for funding under this section if it is designated as a trauma center by a local EMS agency pursuant to Section 1798.165 and complies with the requirements of this section. Both public and private hospitals designated as trauma centers shall be eligible for funding.

(h) A trauma center that receives funding under this section shall agree to remain a trauma center through June 30 of the fiscal year in which it receives funding. If the trauma center ceases functioning as a trauma center, it shall pay back to the local EMS agency a pro rata portion of the funding that has been received. If there are one or more trauma centers remaining in the local EMS agency's service area, the local EMS agency shall distribute the funds among the other trauma centers. If there is no other trauma center within the local EMS agency's service area, the local EMS agency shall return the moneys to the authority.

(i) In order to receive funds pursuant to this section, an eligible trauma center shall submit, pursuant to a contract between the trauma center and the local EMS agency, relevant and pertinent data requested by the local EMS agency. A trauma center shall demonstrate that it is appropriately submitting data to the local EMS agency's trauma registry and a local EMS agency shall audit the data annually within two years of a distribution from the local EMS agency to a trauma center. Any trauma center receiving funding pursuant to this section shall report to the local EMS agency how the funds were used to support trauma services.

(j) It is the intent of the Legislature that all moneys appropriated to the fund be distributed to local EMS agencies during the same year the moneys are appropriated. To the extent that any moneys are not distributed by the authority during the fiscal year in which the moneys are appropriated, the moneys shall remain in the fund and be eligible for distribution pursuant to this section during subsequent fiscal years.

(k) By October 31, 2002, the authority shall develop criteria for the standardized reporting of trauma patients to local trauma registries. The authority shall seek input from local EMS agencies to develop the criteria. All local EMS agencies shall utilize the trauma patient criteria for reporting trauma patients to local trauma registries by July 1, 2003.

(*l*) By December 31 of the fiscal year following any fiscal year in which funds are distributed pursuant to this section, a local EMS agency that has received funds from the authority pursuant to this chapter shall provide a report to the authority that details the amount of funds distributed to each trauma center, the amount of any balance remaining, and the amount of any claims pending, if any, and describes how the respective centers used the funds to support trauma services. The report shall also describe the local EMS agency's mechanism for distributing the funds to trauma centers, a description of their audit process and criteria, and a summary of the most recent audit results.

(m) The authority may retain from any appropriation to the fund an amount sufficient to implement this section, up to two hundred eighty thousand dollars ($280,000). This amount may be adjusted to reflect any increases provided for wages or operating expenses as part of the authority's budget process.

SEC. 1.3. Section 101317 of the Health and Safety Code is amended to read:

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 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 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, smallpox 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. Initially, 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. In subsequent years, the department shall develop a streamlined process for continuation of funding that will address new federal requirements and will assure the continuity of local plan activities.

(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.

(3) It is the intent of the Legislature that the department shall audit the cost reports every three years, commencing in January 2007, to determine compliance with federal requirements and consistency with local health jurisdiction budgets, contingent upon the availability of federal funds for this activity, and contingent upon the continuation of federal funding for bioterrorism preparedness.

(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. The department may use funds retained on behalf of a local jurisdiction pursuant to this subdivision solely for the purposes of administering the jurisdiction's bioterrorism preparedness activities. The funds appropriated pursuant to this article and retained by the department pursuant to this subdivision are available for expenditure and encumbrance for the purposes of support or local assistance.

(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. Moneys made available in the 2003–04 Budget Act for bioterrorism preparedness shall be available for expenditure and encumbrance until August 30, 2005.

SEC. 1.4. Section 120955 of the Health and Safety Code is amended to read:

120955. (a) (1) To the extent that state and federal funds are appropriated in the annual Budget Act for these purposes, the director shall establish and may administer a program to provide drug treatments to persons infected with human immunodeficiency virus (HIV), the etiologic agent of acquired immune deficiency syndrome (AIDS). If the director makes a formal determination that, in any fiscal year, funds appropriated for the program will be insufficient to provide all of those drug treatments to existing eligible persons for the fiscal year and that a suspension of the implementation of the program is necessary, the director may suspend eligibility determinations and enrollment in the

program for the period of time necessary to meet the needs of existing eligible persons in the program.

(2) The director shall develop, maintain, and update as necessary a list of drugs to be provided under this program.

(b) The director may grant funds to a county public health department through standard agreements to administer this program in that county. To maximize the recipients' access to drugs covered by this program, the director shall urge the county health department in counties granted these funds to decentralize distribution of the drugs to the recipients.

(c) The director shall establish a rate structure for reimbursement for the cost of each drug included in the program. Rates shall not be less than the actual cost of the drug. However, the director may purchase a listed drug directly from the manufacturer and negotiate the most favorable bulk price for that drug.

(d) Manufacturers of the drugs on the list shall pay the department a rebate equal to the rebate that would be applicable to the drug under Section 1927(c) of the federal Social Security Act (42 U.S.C. Sec. 1396r-8(c)) plus an additional rebate to be negotiated by each manufacturer with the department, except that no rebates shall be paid to the department under this section on drugs for which the department has received a rebate under Section 1927(c) of the federal Social Security Act (42 U.S.C. Sec. 1396r-8(c)) or that have been purchased on behalf of county health departments or other eligible entities at discount prices made available under Section 256b of Title 42 of the United States Code.

(e) The department shall submit an invoice, not less than two times per year, to each manufacturer for the amount of the rebate required by subdivision (d).

(f) Drugs may be removed from the list for failure to pay the rebate required by subdivision (d), unless the department determines that removal of the drug from the list would cause substantial medical hardship to beneficiaries.

(g) The department may adopt emergency regulations to implement amendments to this chapter made during the 1997–98 Regular Session, in accordance with the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The initial adoption of emergency regulations shall be deemed to be an emergency and considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, or general welfare. Emergency regulations adopted pursuant to this section shall remain in effect for no more than 180 days.

(h) Reimbursement under this chapter shall not be made for any drugs that are available to the recipient under any other private, state, or federal

programs, or under any other contractual or legal entitlements, except that the director may authorize an exemption from this subdivision where exemption would represent a cost savings to the state.

(i) The department may also subsidize certain cost-sharing requirements for persons otherwise eligible for the AIDS Drug Assistance Program (ADAP) with existing non-ADAP drug coverage by paying for prescription drugs included on the ADAP formulary within the existing ADAP operational structure up to, but not exceeding, the amount of that cost-sharing obligation. This cost sharing may only be applied in circumstances in which the other payer recognizes the ADAP payment as counting toward the individual's cost-sharing obligation.

SEC. 2. Section 123929 is added to the Health and Safety Code, to read:

123929. (a) Except as otherwise provided in this section and Section 14133.05 of the Welfare and Institutions Code, California Children's Services Program services provided pursuant to this article require prior authorization by the department or its designee. Prior authorization is contingent on determination by the department or its designee of all of the following:

(1) The child receiving the services is confirmed to be medically eligible for the CCS program.

(2) The provider of the services is approved in accordance with the standards of the CCS program.

(3) The services authorized are medically necessary to treat the child's CCS-eligible medical condition.

(b) Effective July 1, 2004, the department or its designee may approve a request for a treatment authorization that is otherwise in conformance with subdivision (a) for services for a child participating in the Healthy Families Program pursuant to clause (ii) of subparagraph (A) of paragraph (6) of subdivision (a) of Section 12693.70 of the Insurance Code, received by the department or its designee after the requested treatment has been provided to the child.

(c) Effective July 1, 2004, if a provider of services who meets the requirements of paragraph (2) of subdivision (a) incurs costs for services described in paragraph (3) of subdivision (a) to treat a child described in subdivision (b) who is subsequently determined to be medically eligible for the CCS program as determined by the department or its designee, the department may reimburse the provider for those costs. Reimbursement under this section shall conform to the requirements of Section 14105.18 of the Welfare and Institutions Code.

SEC. 3. Section 12693.325 of the Insurance Code is amended to read:

12693.325. (a) (1) Notwithstanding any provision of this chapter, a participating health, dental, or vision plan that is licensed and in good standing as required by subdivision (b) of Section 12693.36 may provide application assistance directly to an applicant acting on behalf of an eligible person who telephones, writes, or contacts the plan in person at the plan's place of business, or at a community public awareness event that is open to all participating plans in the county, or at any other site approved by the board, and who requests application assistance.

(2) A participating health, dental, or vision plan may also provide application assistance directly to an applicant only under the following conditions:

(A) The assistance is provided upon referral from a government agency, school, or school district.

(B) The applicant has authorized the government agency, school, or school district to allow a health, dental, or vision plan to contact the applicant with additional information on enrolling in free or low-cost health care.

(C) The State Department of Health Services approves the applicant authorization form in consultation with the board.

(D) The plan may not actively solicit referrals and may not provide compensation for the referrals.

(E) If a family is already enrolled in a health plan, the plan that contacts the family cannot encourage the family to change health plans.

(F) The board amends its marketing guidelines to require that when a government agency, school, or school district requests assistance from a participating health, dental, or vision plan to provide application assistance, that all plans in the area shall be invited to participate.

(G) The plan abides by the board's marketing guidelines.

(b) A participating health, dental, or vision plan may provide application assistance to an applicant who is acting on behalf of an eligible or potentially eligible child in any of the following situations:

(1) The child is enrolled in a Medi-Cal managed care plan and the participating plan becomes aware that the child's eligibility status has or will change and that the child will no longer be eligible for Medi-Cal. In those instances, the plan shall inform the applicant of the differences in benefits and requirements between the Healthy Families Program and the Medi-Cal program.

(2) The child is enrolled in a Healthy Families Program managed care plan and the participating plan becomes aware that the child's eligibility status has changed or will change and that the child will no longer be eligible for the Healthy Families Program. When it appears a child may be eligible for Medi-Cal benefits, the plan shall inform the applicant of

the differences in benefits and requirements between the Medi-Cal program and the Healthy Families Program.

(3) The participating plan provides employer-sponsored coverage through an employer and an employee of that employer who is the parent or legal guardian of the eligible or potentially eligible child.

(4) The child and his or her family are participating through the participating plan in COBRA continuation coverage or other group continuation coverage required by either state or federal law and the group continuation coverage will expire within 60 days, or has expired within the past 60 days.

(5) The child's family, but not the child, is participating through the participating plan in COBRA continuation coverage or other group continuation coverage required by either state or federal law, and the group continuation coverage will expire within 60 days, or has expired within the past 60 days.

(c) A participating health, dental, or vision plan employee or other representative that provides application assistance shall complete a certified application assistant training class approved by the State Department of Health Services in consultation with the board. The employee or other representative shall in all cases inform an applicant verbally of his or her relationship with the participating health plan. In the case of an in-person contact, the employee or other representative shall provide in writing to the applicant the nature of his or her relationship with the participating health plan and obtain written acknowledgment from the applicant that the information was provided.

(d) A participating health, dental, or vision plan that provides application assistance may not do any of the following:

(1) Directly, indirectly, or through its agents, conduct door-to-door marketing or telephone solicitation.

(2) Directly, indirectly, or through its agents, select a health plan or provider for a potential applicant. Instead, the plan shall inform a potential applicant of the choice of plans available within the applicant's county of residence and specifically name those plans and provide the most recent version of the program handbook.

(3) Directly, indirectly, or through its agents, conduct mail or in-person solicitation of applicants for enrollment, except as specified in subdivision (b), using materials approved by the board.

(e) A participating health, dental, or vision plan that provides application assistance pursuant to this section is not eligible for an application assistance fee otherwise available pursuant to Section 12693.32, and may not sponsor a person eligible for the program by paying his or her family contribution amounts or copayments, and may

not offer applicants any inducements to enroll, including, but not limited to, gifts or monetary payments.

(f) A participating health, dental, or vision plan may assist applicants acting on behalf of subscribers who are enrolled with the participating plan in completing the program's annual eligibility review package in order to allow those applicants to retain health care coverage.

(g) Each participating health, dental, or vision plan shall submit to the board a plan for application assistance. All scripts and materials to be used during application assistance sessions shall be approved by the board and the State Department of Health Services.

(h) Each participating health, dental, or vision plan shall provide each applicant with the toll-free telephone number for the Healthy Families Program.

(i) When deemed appropriate by the board, the board may refer a participating health, dental, or vision plan to the Department of Managed Health Care or the State Department of Health Services, as applicable, for the review or investigation of its application assistance practices.

(j) The board shall evaluate the impact of the changes required by this section and shall provide a biennial report to the Legislature on or before March 1 of every other year. To prepare these reports, the State Department of Health Services, in cooperation with the board, shall code all the application packets used by a managed care plan to record the number of applications received that originated from managed care plans. The number of applications received that originated from managed care plans shall also be reported on the board's Web site. In addition, the board shall periodically survey those families assisted by plans to determine if the plans are meeting the requirements of this section, and if families are being given ample information about the choice of health, dental, or vision plans available to them.

(k) Nothing in this section shall be seen as mitigating a participating health, dental, or vision plan's responsibility to comply with all federal and state laws, including, but not limited to, Section 1320a-7b of Title 42 of the United States Code.

(*l*) Paragraph (2) of subdivision (a) shall become inoperative on January 1, 2006.

SEC. 4. Section 12693.36 of the Insurance Code is amended to read:

12693.36. (a) Notwithstanding any other provision of law, the board shall not be subject to licensure or regulation by the Department of Insurance or the Department of Managed Health Care, as the case may be.

(b) Participating health, dental, and vision plans that contract with the program and are regulated by either the Insurance Commissioner or the Department of Managed Health Care shall be licensed and in good

standing with their respective licensing agencies. In their application to the program, those entities shall provide assurance of their standing with the appropriate licensing entity.

SEC. 4.5. Section 12693.50 is added to the Insurance Code, to read:

12693.50. (a) The board shall consult and coordinate with the State Department of Health Services to implement the Medi-Cal to Healthy Families Accelerated Enrollment program pursuant to Section 14011.65 of the Welfare and Institutions Code.

(b) The state shall seek approval of any amendments to the state plan, necessary to implement Section 14011.65 of the Welfare and Institutions Code in accordance with Title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.). Notwithstanding any other provision of law, only when all necessary federal approvals have been obtained shall Section 14011.65 of the Welfare and Institutions Code be implemented.

(c) The board may adopt emergency regulations to implement the provision of accelerated eligibility benefits pursuant to this section and as described under Section 14011.65 of the Welfare and Institutions Code. The emergency regulations shall include, but not be limited to, regulations that implement any changes in rules relating to program eligibility, enrollment, and disenrollment. The initial adoption of emergency regulations and one readoption of the initial regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, and general welfare. Initial emergency regulations and the first readoption of those regulations shall be exempt from review by the Office of Administrative Law. The initial emergency regulations and one readoption of those regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and publication in the California Code of Regulations, and each shall remain in effect for no more than 180 days.

SEC. 5. Section 12699.52 of the Insurance Code is amended to read:

12699.52. (a) The County Health Initiative Matching Fund is hereby created within the State Treasury. The fund shall accept intergovernmental transfers as follows:

(1) The nonfederal matching fund requirement for federal financial participation through the State Children's Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title 42 of the United States Code).

(2) Funding associated with a proposal approved pursuant to subdivision (g) of Section 12699.53.

(b) Amounts deposited in the fund shall be used only for the purposes specified by this part.

(c) The board shall administer this fund and the provisions of this part in collaboration with the State Department of Health Services for the express purpose of allowing local funds to be used to facilitate increasing the state's ability to utilize federal funds available to California and for costs associated with a proposal pursuant to subdivision (g) of Section 12699.53. Federal funds shall be used prior to the expiration of their authority for programs designed to improve and expand access for uninsured persons.

(d) The board shall authorize the expenditure of money in the fund to cover program expenses, including cost to the state to administer the program.

SEC. 6. Section 12699.53 of the Insurance Code is amended to read:

12699.53. (a) An applicant that will provide an intergovernmental transfer may submit a proposal to the board for funding for the purpose of providing comprehensive health insurance coverage to any child or adult who meets citizenship and immigration status requirements that are applicable to persons participating in the program established by Title XXI of the Social Security Act, and in case of a child, whose family income is at or below 300 percent of the federal poverty level, or in case of an adult, whose family income does not exceed 200 percent of the federal poverty level, in specific geographic areas, as published quarterly in the Federal Register by the Department of Health and Human Services, and which child or adult does not qualify for either the Healthy Families Program (Part 6.2 (commencing with Section 12693) or Medi-Cal with no share of cost pursuant to the Medi-Cal Act (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code).

(b) The proposal shall guarantee at least one year of intergovernmental transfer funding by the applicant at a level that ensures compliance with the requirements of any applicable approved federal waiver or state plan amendment as well as the board's requirements for the sound operation of the proposed project, and shall, on an annual basis, either commit to fully funding the necessary intergovernmental amount or withdraw from the program. The board may identify specific geographical areas that, in comparison to the national level, have a higher cost of living or housing or a greater need for additional health services, using data obtained from the most recent federal census, the federal Consumer Expenditure Survey, or from other sources. The proposal may include an administrative mechanism for outreach and eligibility.

(c) The applicant may include in its proposal reimbursement of medical, dental, vision, or mental health services delivered to children who are eligible under the State Children's Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title

42 of the United States Code), if these services are part of an overall program with the measurable goal of enrolling served children in the Healthy Families Program.

(d) If a child is determined to be eligible for benefits for the treatment of an eligible medical condition under the California Children's Services Program pursuant to Article 5 (commencing with Section 123800) of Chapter 3 of Part 2 of Division 106 of the Health and Safety Code, the health, dental, or vision plan providing services to the child pursuant to this part shall not be responsible for the provision of, or payment for, those authorized services for that child. The proposal from an applicant shall contain provisions to ensure that a child whom the health, dental, or vision plan reasonably believes would be eligible for services under the California Children's Services Program is referred to that program. The California Children's Services Program shall provide case management and authorization of services if the child is found to be eligible for the California Children's Services Program. Diagnosis and treatment services that are authorized by the California Children's Services Program shall be performed by paneled providers for that program and approved special care centers of that program and approved by the California Children's Services Program. All other services provided under the proposal from the applicant shall be made available pursuant to this part to a child who is eligible for services under the California Children's Services Program.

(e) An applicant may submit a proposal for reimbursement of medical, dental, or vision services delivered to adults as specified in subdivision (a).

(f) (1) If a proposal from an applicant for coverage of an adult includes state funds or funds derived from county sources, the applicant shall, to the extent feasible, include participation by health care service plans licensed by the Department of Managed Health Care or health insurers regulated by the Department of Insurance that contract with the board to provide services to Healthy Families Program subscribers in the geographic area.

(2) This subdivision shall not apply if the population to be served by the applicant's proposal is less than 1,000 persons.

(g) Notwithstanding any other provision of this section, an applicant may submit a proposal to the board for the purposes of providing comprehensive health insurance coverage to children whose coverage is not eligible for funding under Title XXI of the Social Security Act, or to a combination of children whose coverage is eligible for funding under Title XXI of the Social Security Act and children whose coverage is not eligible for that funding. To be approved by the board, these proposals shall comply with both of the following requirements:

(1) Meet all applicable requirements for funding under this part, except for availability of funding through Title XXI of the Social Security Act.

(2) Provide for the administration of children's coverage by the board through the administrative infrastructure serving the Healthy Families Program, and through health, dental, and vision plans serving the Healthy Families Program.

SEC. 7. Section 12699.54 of the Insurance Code is amended to read:

12699.54. (a) The board, in consultation with the State Department of Health Services, the Healthy Families Advisory Committee, and other appropriate parties, shall establish the criteria for evaluating an applicant's proposal, which shall include, but not be limited to, the following:

(1) The extent to which the program described in the proposal provides comprehensive coverage including health, dental, and vision benefits.

(2) Whether the proposal includes a promotional component to notify the public of its provision of health insurance to eligible children.

(3) The simplicity of the proposal's procedures for applying to participate and for determining eligibility for participation in its program.

(4) The extent to which the proposal provides for coordination and conformity with benefits provided through Medi-Cal and the Healthy Families Program.

(5) The extent to which the proposal provides for coordination and conformity with existing Healthy Families Program administrative entities in order to prevent administrative duplication and fragmentation.

(6) The ability of the health care providers designated in the proposal to serve the eligible population and the extent to which the proposal includes traditional and safety net providers, as defined in regulations adopted pursuant to the Healthy Families Program.

(7) For children's coverage, the extent to which the proposal intends to work with the school districts and county offices of education.

(8) The total amount of funds available to the applicant to implement the program described in its proposal, and the percentage of this amount proposed for administrative costs as well as the cost to the state to administer the proposal.

(9) The extent to which the proposal seeks to minimize the substitution of private employer health insurance coverage for health benefits provided through a governmental source.

(10) The extent to which local resources may be available after the depletion of federal funds to continue any current program expansions for persons covered under local health care financing programs or for expanded benefits.

(11) For coverage proposals for adults, the extent to which the proposal seeks to pursue assistance from employers in the payment of

premiums and whether the proposal requires, as a condition of parental enrollment, the enrollment of children in the applicant's plan or a competing plan.

(12) For coverage proposals for adults, the extent to which the proposal offers subscribers a choice of health care service plans or health insurers similar to the choices available to children eligible for the Healthy Families Program in that county.

(13) For the purposes of defining an applicant's eligibility for funding under this part, the following shall apply:

(A) The same income methodology shall be used for the proposed program that is currently used for the Medi-Cal and the Healthy Families programs.

(B) Only participating licensed Healthy Families dental, health, and vision plans may be used. However, the board may permit exceptions to this requirement consistent with the purpose, of this part.

(b) The board may, in its sole discretion, approve or disapprove projects for funding pursuant to this part on an annual basis.

(c) To the extent that an applicant's proposal pursuant to this part provides for health plan or administrative services under a contract entered into by the board or at rates negotiated for the applicant by the board, a contract entered into by the board or by an applicant shall be exempt from any provision of law relating to competitive bidding, and shall be exempt from the review or approval of any division of the Department of General Services to the same extent as contracts entered into pursuant to Part 6.2 (commencing with Section 12693). The board and the applicant shall not be required to specify the amounts encumbered for each contract, but may allocate funds to each contract based on the projected or actual subscriber enrollments to a total amount not to exceed the amount appropriated for the project including family contributions.

SEC. 8. Section 12699.56 of the Insurance Code is amended to read:

12699.56. (a) Upon its approval of a proposal that shall include any allowable amount of federal funds under the State Children's Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title 42 of the United States Code), the board, in collaboration with the State Department of Health Services, may provide the applicant reimbursement in an amount equal to the amount that the applicant will contribute to implement the program described in its proposal, plus the appropriate and allowable amount of federal funds. Not more than 10 percent of the County Health Initiative Matching Fund and matching federal funds shall be expended in any one fiscal year for administrative costs, including the costs to the state to administer the proposal, unless the board permits the expenditure consistent with the availability of federal matching funds not needed for the purposes

described in paragraph (3) of subdivision (a) of Section 12699.62, or unless the board determines that an expenditure for administrative costs has no impact on available federal funding. The board, in collaboration with the State Department of Health Services, may audit the expenses incurred by the applicant in implementing its program to ensure that the expenditures comply with the provisions of this part. No reimbursement may be made to an applicant that fails to meet its financial participation obligation under this part. The state's reasonable startup costs and ongoing costs for administering the program shall be reimbursed by those entities applying for funding.

(b) Any program approved pursuant to subdivision (g) of Section 12699.53 that requires any funding not allowable for a federal match under the State Children's Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title 42 of the United States Code) shall provide the board with the total amount of funds needed to provide that portion of coverage not eligible for federal matching funds, including reasonable startup costs and ongoing costs for administering the program.

(c) Each applicant that is provided funds under this part shall submit to the board a plan to limit initial and continuing enrollment in its program in the event the amount of moneys for its program is insufficient to maintain health insurance coverage for those participating in the program.

SEC. 9. Section 12699.57 of the Insurance Code is amended to read:

12699.57. Each health care service plan, specialized health care service plan, and health insurer that contracts to provide health care benefits under this part shall be licensed by the Department of Managed Health Care or the Department of Insurance.

SEC. 10. Section 12699.59 of the Insurance Code is amended to read:

12699.59. All expenses incurred by the board and the State Department of Health Services in administering this part, including, but not limited to, expenses for developing standards and processes to implement any of the provisions of this part, evaluating applications, or processing or granting appeals growing out of any of the provisions of this part, shall be paid from the fund or directly by applicants, except that the board may accept funding from a not-for-profit group or foundation, or from a governmental entity providing grants for health-related activities, to administer this part.

SEC. 11. Section 12699.63 of the Insurance Code is amended to read:

12699.63. The state shall be held harmless for any federal disallowance resulting from this part and any other expenses or liabilities,

including, but not limited to, the cost of processing or granting appeals. An applicant receiving supplemental reimbursement pursuant to this part shall be liable for any reduced federal financial participation, and any other expenses or liabilities, including, but not limited to, the costs of processing or granting appeals, resulting from the implementation of this part with respect to that applicant. The state may recoup any federal disallowance from the applicant.

SEC. 12. Section 4643 of the Welfare and Institutions Code is amended to read:

4643. (a) If assessment is needed, prior to July 1, 2006, the assessment shall be performed within 120 days following initial intake. Assessment shall be performed as soon as possible and in no event more than 60 days following initial intake where any delay would expose the client to unnecessary risk to his or her health and safety or to significant further delay in mental or physical development, or the client would be at imminent risk of placement in a more restrictive environment. Assessment may include collection and review of available historical diagnostic data, provision or procurement of necessary tests and evaluations, and summarization of developmental levels and service needs and is conditional upon receipt of the release of information specified in subdivision (b). On and after July 1, 2006, the assessment shall be performed within 60 days following intake and if unusual circumstances prevent the completion of assessment within 60 days following intake, this assessment period may be extended by one 30-day period with the advance written approval of the department.

(b) In determining if an individual meets the definition of developmental disability contained in subdivision (a) of Section 4512, the regional center may consider evaluations and tests, including, but not limited to, intelligence tests, adaptive functioning tests, neurological and neuropsychological tests, diagnostic tests performed by a physician, psychiatric tests, and other tests or evaluations that have been performed by, and are available from, other sources.

SEC. 13. Section 4648.4 of the Welfare and Institutions Code is amended to read:

4648.4. Notwithstanding any other provision of law or regulation, during the 2005-06 fiscal year, no regional center may pay any provider of the following services or supports a rate that is greater than the rate that is in effect on or after June 30, 2004, unless the increase is required by a contract between the regional center and the vendor that is in effect on June 30, 2004, or the regional center demonstrates that the approval is necessary to protect the consumer's health or safety and the department has granted prior written authorization:

(a) Supported living services.

(b) Transportation, including travel reimbursement.
(c) Socialization training programs.
(d) Behavior intervention training.
(e) Community integration training programs.
(f) Community activities support services.
(g) Mobile day programs.
(h) Creative art programs.
(i) Supplemental day services program supports.
(j) Adaptive skills trainers.
(k) Independent living specialists.

SEC. 14. Section 4681.5 of the Welfare and Institutions Code is amended to read:

4681.5. Notwithstanding any other provision of law or regulation, during the 2005-06 fiscal year, no regional center may approve any service level for a residential service provider, as defined in Section 56005 of Title 17 of the California Code of Regulations, if the approval would result in an increase in the rate to be paid to the provider that is greater than the rate that is in effect on or after June 30, 2005, unless the regional center demonstrates to the department that the approval is necessary to protect the consumer's health or safety and the department has granted prior written authorization.

SEC. 15. Section 4685.5 of the Welfare and Institutions Code is repealed.

SEC. 15.5. Section 4685.7 is added to the Welfare and Institutions Code, to read:

4685.7. (a) Contingent upon approval of a federal waiver, the Self-Directed Services Program (SDS Program) is hereby established and shall be available in every regional center catchment area to provide participants, within an individual budget, greater control over needed services and supports. The Self-Directed Services Program shall be consistent with the requirements set forth in this section. In order to provide opportunities to participate in the program, the department shall adopt regulations, consistent with federal law, to implement the procedures set forth in this section.

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

(1) "Financial management services" means a service or function that assists the participant to manage and direct the distribution of funds contained in the individual budget. This may include, but is not limited to, bill paying services and activities that facilitate the employment of service workers by the participant, including, but not limited to, federal, state, and local tax withholding payments, unemployment compensation fees, setting of wages and benefits, wage settlements, fiscal accounting, and expenditure reports. The department shall establish specific

qualifications which shall be required of a financial management services provider.

(2) "Supports brokerage" means a service or function that assists participants in making informed decisions about the individual budget, and assists in locating, accessing and coordinating services consistent with and reflecting a participant's needs and preferences. The service is available to assist in identifying immediate and long-term needs, developing options to meet those needs, participating in the person-centered planning process and development of the individual program plan, and obtaining identified supports and services.

(3) "Supports broker" means a person, selected and directed by the participant, who fulfills the supports brokerage service or function and assists the participant in the SDS Program. Specific qualifications shall be established by the department and required of a supports broker provider.

(4) "Waiver" means a waiver of federal law pursuant to Section 1396n of Title 42 of the United States Code.

(5) "Independence Plus Self-Directed (IPSD) Waiver Program" or "Self-Directed Waiver Program" means a federal waiver to the state's Medicaid plan to allow a person with developmental disabilities who needs or requires long-term supports and services, and when appropriate, the person's family, greater opportunity to control his or her own health and well-being by utilization of self-directed services.

(6) "Self-directed services" or "SDS" means a voluntary delivery system consisting of a defined and comprehensive mix of services and supports, selected and directed by a participant, in order to meet all or some of the objectives in his or her individual program plan. Self-directed services are designed to assist the participant to achieve personally defined outcomes in inclusive community settings.

Self-directed services shall include, but are not limited to, all of the following:

(A) Home health aide services.
(B) Supported employment and prevocational services.
(C) Respite services.
(D) Supports broker functions and services.
(E) Financial management services and functions.
(F) Environmental accessibility adaptations.
(G) Skilled nursing.
(H) Transportation.
(I) Specialized medical equipment and supplies.
(J) Personal emergency response system.
(K) Integrative therapies.
(L) Vehicle adaptations.

(M) Communication support.
(N) Crises intervention.
(O) Nutritional consultation.
(P) Behavior intervention services.
(Q) Specialized therapeutic services.
(R) Family assistance and support.
(S) Housing access supports.
(T) Community living supports, including, but not limited to, socialization, personal skill development, community participation, recreation, leisure, home and personal care.
(U) Advocacy services.
(V) Individual training and education.
(W) Participant-designated goods and services.
(X) Training and education transition services.

The department shall include all of the services and supports listed in this paragraph in the IPSD Waiver Program application. Notwithstanding this paragraph, only services and supports included in an approved IPSD Waiver shall be funded through the SDS Program.

(7) "Advocacy services" means services and supports that facilitate the participant in exercising his or her legal, civil and service rights to gain access to generic services and benefits that the participant is entitled to receive. Advocacy services shall only be provided when other sources of similar assistance are not available to the participant, and when advocacy is directed towards obtaining generic services.

(8) "Individual budget" means the amount of funding available to the participant for the purchase of services and supports necessary to implement an individual program plan. The individual budget shall be constructed using a fair, equitable, and transparent methodology.

(9) "Risk pool" means an account that is available for use in addressing the unanticipated needs of participants in the SDS Program.

(10) "Participant" means an individual, and when appropriate, his or her parents, legal guardian or conservator, or authorized representative, who have been deemed eligible for, and have voluntarily agreed to participate in, the SDS Program.

(c) Participation in the SDS Program is fully voluntary. A participant may choose to participate in, and may choose to leave, the SDS Program at any time. A regional center may not require participation in the SDS Program as a condition of eligibility for, or the delivery of, services and supports otherwise available under this Division.

(d) The department shall develop informational materials about the SDS Program. The department shall ensure that regional centers are trained in the principles of SDS, the mechanics of the SDS Program and the rights of consumers and families as candidates for, and participants,

in the SDS Program. Regional centers shall conduct local meetings or forums to provide regional center consumers and families with information about the SDS Program. All consumers and families who express an interest in participating in the SDS program shall receive an in-depth orientation, conducted by the regional center, prior to enrollment in the program.

(e) Prior to enrollment in the SDS Program, and based on the methodologies described below, an individual, and when appropriate, his or her parents, legal guardian or conservator, or authorized representative, shall be provided in writing two individual budget amounts. If the individual, and when appropriate his parents, legal guardian or conservator, or authorized representative, elects to become a participant in the SDS Program, he or she shall choose which of the two budget amounts provided will be used to implement their individual program plan.

(1) The methodologies and formulae for determining the two individual budget amounts shall be detailed in departmental regulations, as follows:

(A) One individual budget amount shall equal 90 percent of the annual purchase of services costs for the individual. The annual costs shall reflect the average annual costs for the previous two fiscal years for the individual.

(B) One individual budget amount shall equal 90 percent of the annual per capita purchase of service costs for the previous two fiscal years for consumers with similar characteristics, who do not receive services through the SDS Program, based on factors including, but not limited to, age, type of residence, type of disability and ability, functional skills, and whether the individual is in transition. This budget methodology shall be constructed using data available on the State Department of Developmental Services information system.

(2) Once a participant has selected an individual budget amount, that individual budget amount shall be available to the participant each year for the purchase of self-directed services until a new individual budget amount has been determined. An individual budget amount shall be calculated no more than once in a 12-month period.

(3) As determined by the participant, the individual budget shall be distributed among the following budget categories in order to implement the IPP:

(A) Community Living.

(B) Health and Clinical Services.

(C) Employment.

(D) Training and Education.

(E) Environment and Medical Supports.

(F) Transportation.

(4) Annually, participants may transfer up to 10 percent of the funds originally distributed to any budget category set forth in paragraph (3), to another budget category or categories. Transfers in excess of 10 percent of the original amount allocated to any budget category may be made upon the approval of the regional center. Regional centers may only deny a transfer if necessary to protect the health and safety of the participant.

(5) The regional center shall annually ascertain from the participant whether there are any circumstances that require a change to the annual individual budget amount. The department shall detail in regulations the process by which this annual review shall be achieved.

(6) A regional center's calculation of an individual budget amount may be appealed to the executive director of the regional center, or his or her designee, within 30 days after receipt of the budget amount. The executive director shall issue a written decision within 10 working days. The decision of the executive director may be appealed to the Director of Developmental Services, or his or her designee, within 15 days of receipt of the written decision. The decision of the department is final.

(f) The department shall establish a risk pool fund to meet the unanticipated needs of participants in the SDS Program. The fund shall be administered by the department. Notwithstanding Section 13340 of the Government Code, all moneys in the fund shall be continuously appropriated to the department, without regard to fiscal years, for the purpose of funding services and supports pursuant to this subdivision.

(1) The risk pool shall be funded at the equivalent of 5 percent of the historic annual purchase of service costs for consumers participating in the SDS Program.

(2) The risk pool shall be allocated by the department to regional centers through a process specified by the department.

(3) The risk pool may be used only in the event of substantial change in a participant's service and support needs that were not known at the time the individual budget was set, including an urgent need to relocate a residence, and catastrophic injury or illness.

(4) The risk pool may be accessed by a participant more than once in a lifetime.

(g) In the first year of the SDS Program, the department shall provide for establishment of savings to the General Fund equivalent to 5 percent of the historic annual purchase of service costs for SDS program participants. In subsequent fiscal years, the department shall annually provide for establishment of savings to the General Fund equivalent to 5 percent of the annual purchase of services costs for SDS Program participants, averaged over the prior two fiscal years.

(h) A regional center may advance funds to a financial management services entity pursuant to SDS Program regulations to facilitate development of a participant's individual budget and transition into the SDS Program.

(i) Participation in the SDS Program shall be available to any regional center consumer who meets the following eligibility requirements.

(1) The participant is three years of age or older.

(2) The participant has a developmental disability, as defined in Section 4512.

(3) The participant does not live in a licensed long-term health care facility, as defined in paragraph (44) of subdivision (a) of Section 54302 of Title 17 of the California Code of Regulations, or a residential facility, as defined in paragraph (55) of subdivision (a) of Section 54302 of Title 17 of the California Code of Regulations, or receive day program or habilitation services, as defined in paragraph (16) or (34) of subdivision (a) of Section 54302 of Title 17 of the California Code of Regulations, respectively. An individual, and when appropriate, his or her parent, legal guardian or conservator, or authorized representative, who is not eligible to participate in the SDS Program pursuant to this paragraph, may request that the regional center provide person-centered planning services in order to make arrangements for transition to the SDS Program. In that case, the regional center shall initiate person-centered planning services within 60 days of a request.

(4) The participant agrees to all of the following terms and conditions:

(A) The participant shall undergo an in-depth orientation to the SDS Program prior to enrollment.

(B) The participant shall agree to utilize the services and supports available within the SDS Program only when generic services cannot be accessed, and except for Medi-Cal state plan benefits when applicable.

(C) The participant shall consent to use only services necessary to implement his or her individual program plan as described in the IPSD Waiver Program, and as defined in paragraph (6) of subdivision (b), as an available service in the SDS Program, and shall agree to comply with any and all other terms and conditions for participation in the SDS Program described in this section.

(D) The participant shall manage self-directed services within the individual budget amount, chosen pursuant to subdivision (e).

(E) The participant shall utilize the services of a financial management services entity of his or her own choosing. A financial management services provider may either be hired or designated by the participant. A designated financial management services provider shall perform services on a nonpaid basis. An individual or a parent of an individual in the SDS Program shall provide financial management services only

as a designated provider and only if the capacity to fulfill the roles and responsibilities as described in the financial management services provider qualifications can be demonstrated to the regional center.

(F) The participant shall utilize the services of a supports broker of his or her own choosing for the purpose of providing services and functions as described in paragraphs (2) and (3) of subdivision (b). A supports broker may either be hired or designated by the participant. A designated supports broker shall perform support brokerage services on a nonpaid basis. An individual or a parent of an individual in the SDS Program shall provide supports brokerage services or his or her designated representative shall provide the services only as a designated provider and only if the capacity to fulfill the role and responsibilities as described in the supports broker provider qualifications can be demonstrated to the financial management services entity.

(j) A participant who is not Medi-Cal eligible may participate in the SDS Program without IPSD Waiver Program enrollment and receive self-directed services if all other IPSD Waiver Program eligibility requirements are met.

(k) The planning team, established pursuant to subdivision (j) of Section 4512, shall utilize the person-centered planning process to develop the Individual Program Plan (IPP) for an SDS participant. The IPP shall detail the goals and objectives of the participant that are to be met through the purchase of participant selected services and supports.

(*l*) The participant shall implement his or her IPP, including choosing the services and supports allowable under this section necessary to implement the plan. A regional center may not prohibit the purchase of any service or support that is otherwise allowable under this section.

(m) An adult may designate an authorized representative to effect the implementation. The representative shall meet all of the following requirements:

(1) He or she shall demonstrate knowledge and understanding of the participant's needs and preferences.

(2) He or she shall be willing and able to comply with SDS Program requirements.

(3) He or she shall be at least 18 years of age.

(4) He or she shall be approved by the participant to act in the capacity of a representative.

(n) The participant, or his or her authorized representative and the regional center case manager shall receive a monthly budget statement that describes the amount of funds allocated by budget category, the amount spent in the previous 30-day period, and the amount of funding that remains available under the participant's individual budget.

(o) If at any time during participation in the SDS Program a regional center determines that an individual is no longer eligible to continue based on the criteria described in subdivision (i), or a participant voluntarily chooses to exit the SDS Program, the regional center shall provide for the participant's transition from the SDS Program to other services and supports. This shall include the development of a new individual program plan that reflects the services and supports necessary to meet the individual's needs. The regional center shall ensure that there is no gap in services and supports during the transition period.

(1) Upon determination of ineligibility pursuant to this subdivision, the regional center shall inform the participant in writing of his or her ineligibility, the reason for the determination of ineligibility and shall provide a written notice of the fair hearing rights, as required by Section 4701.

(2) An individual determined ineligible, or who voluntarily exits the SDS Program, shall be permitted to return to the SDS Program upon meeting all applicable eligibility criteria and after a minimum of 12 months time has elapsed.

(p) A participant in the SDS Program shall have all the rights established in Chapter 7 (commencing with Section 4700), except as provided under paragraph (6) of subdivision (e).

(q) Only a financial management services provider is required to apply for vendorization in accordance with Subchapter 2 (commencing with Section 54300) of Chapter 3 of Title 17 of the California Code of Regulations, for the SDS Program. All other service providers shall have applicable state licenses, certifications, or other state required documentation, but are exempt from the vendorization requirements set forth in Title 17 of the California Code of Regulations. The financial management services entity shall ensure and document that all service providers meet specified requirements for any service that may be delivered to the participant.

(r) A participant in the SDS Program may request, at no charge to the participant or the regional center, criminal history background checks for persons seeking employment as a service provider and providing direct care services to the participant.

(1) Criminal history records checks pursuant to this subdivision shall be performed and administered as described in subdivision (b) and subdivisions (d) to (h), inclusive, of Section 4689.2, and Sections 4689.4 to 4689.6, inclusive, and shall apply to vendorization of providers and hiring of employees to provide services for family home agencies and family homes.

(2) The department may enter into a written agreement with the Department of Justice to implement this subdivision.

(s) A participant enrolled in the SDS Program pursuant to this section and utilizing an individual budget for services and supports is exempt from Section 4783 and from the Family Cost Participation Program.

(t) Notwithstanding any provision of law, an individual receiving services and supports under the self-determination projects established pursuant to Section 4685.5 may elect to continue to receive self-determination services within his or her current scope and existing procedures and parameters. Participation in a self-determination project pursuant to Section 4685.5 may only be terminated upon a participant's voluntary election and qualification to receive services under another delivery system.

(u) Each regional center shall be responsible for implementing an SDS Program as a term of its contract under Section 4629.

(v) Commencing January 10, 2008, the department shall annually provide the following information to the policy and fiscal committees of the Legislature:

(1) Number and characteristics of participants, by regional center.

(2) Types and ranking of services and supports purchased under the SDS Program, by regional center.

(3) Range and average of individual budgets, by regional center.

(4) Utilization of the risk pool, including range and average individual budget augmentations and type of service, by regional centers.

(5) Information regarding consumer satisfaction under the SDS Program and, when data is available, the traditional service delivery system, by regional center.

(6) The proportion of participants who report that their choices and decisions are respected and supported.

(7) The proportion of participants who report they are able to recruit and hire qualified service providers.

(8) The number and outcome of individual budget appeals, by regional center.

(9) The number and outcome of fair hearing appeals, by regional center.

(10) The number of participants who voluntarily withdraw from participation in the SDS Program and a summary of the reasons why, by regional center.

(11) The number of participants who are subsequently determined to no longer be eligible for the SDS Program and a summary of the reasons why, by regional center.

(12) Identification of barriers to participation and recommendations for program improvements.

(13) A comparison of average annual expenditures for individuals with similar characteristics not participating in the SDS Program.

SEC. 16. Section 4691.6 of the Welfare and Institutions Code is amended to read:

4691.6. (a) Notwithstanding any other provision of law or regulation, during the 2005-06 fiscal year, the department may not establish any permanent payment rate for a community-based day program or in-home respite service agency provider that has a temporary payment rate in effect on June 30, 2005, if the permanent payment rate would be greater than the temporary payment rate in effect on or after June 30, 2005, unless the regional center demonstrates to the department that the permanent payment rate is necessary to protect the consumers' health or safety.

(b) Notwithstanding any other provision of law or regulation, during the 2005-06 fiscal year, neither the department nor any regional center may approve any program design modification or revendorization for a community-based day program or in-home respite service agency provider that would result in an increase in the rate to be paid to the vendor from the rate that is in effect on or after June 30, 2005, unless the regional center demonstrates that the program design modification or revendorization is necessary to protect the consumers' health or safety and the department has granted prior written authorization.

(c) Notwithstanding any other provision of law or regulation, during the 2005-06 fiscal year, the department may not approve an anticipated rate adjusted for a community-based day program or in-home respite service agency provider that would result in an increase in the rate to be paid to the vendor from the rate that is in effect on or after June 30, 2005, unless the regional center demonstrates that the anticipated rate adjustment is necessary to protect the consumers' health or safety.

(d) Notwithstanding any other provision of law or regulation, during the 2005-06 fiscal year, the department may not approve any rate adjustment for a habilitation services program that would result in an increase in the rate to be paid to the vendor from the rate that is in effect on or after June 30, 2005, unless the regional center demonstrates that the rate adjustment is necessary to protect the consumers' health and safety and the department has granted prior written authorization.

SEC. 17. Section 4781.5 of the Welfare and Institutions Code is amended to read:

4781.5. For the 2005-06 fiscal year only, a regional center may not expend any purchase of service funds for the startup of any new program unless the expenditure is necessary to protect the consumer's health or safety or because of other extraordinary circumstances, and the department has granted prior written authorization for the expenditure. This provision shall not apply to any of the following:

(a) The purchase of services funds allocated as part of the department's community placement plan process.

(b) Expenditures for the startup of new programs made pursuant to a contract entered into before July 1, 2002.

SEC. 18. Section 4851 of the Welfare and Institutions Code is amended to read:

4851. The definitions contained in this chapter shall govern the construction of this chapter, with respect to habilitation services provided through the regional center, and unless the context requires otherwise, the following terms shall have the following meanings:

(a) "Habilitation services" means community-based services purchased or provided for adults with developmental disabilities, including services provided under the Work Activity Program and the Supported Employment Program, to prepare and maintain them at their highest level of vocational functioning, or to prepare them for referral to vocational rehabilitation services.

(b) "Individual program plan" means the overall plan developed by a regional center pursuant to Section 4646.

(c) "Individual habilitation service plan" means the service plan developed by the habilitation service vendor to meet employment goals in the individual program plan.

(d) "Department" means the State Department of Developmental Services.

(e) "Work activity program" includes, but is not limited to, sheltered workshops or work activity centers, or community-based work activity programs certified pursuant to subdivision (f) or accredited by CARF, the Rehabilitation Accreditation Commission.

(f) "Certification" means certification procedures developed by the Department of Rehabilitation.

(g) "Work activity program day" means the period of time during which a Work Activity Program provides services to consumers.

(h) "Full day of service" means, for purposes of billing, a day in which the consumer attends a minimum of the declared and approved work activity program day, less 30 minutes, excluding the lunch period.

(i) "Half day of service" means, for purposes of billing, any day in which the consumer's attendance does not meet the criteria for billing for a full day of service as defined in subdivision (g), and the consumer attends the work activity program not less than two hours, excluding the lunch period.

(j) "Supported employment program" means a program that meets the requirements of subdivisions (n) to (s), inclusive.

(k) "Consumer" means any adult who receives services purchased under this chapter.

(*l*) "Accreditation" means a determination of compliance with the set of standards appropriate to the delivery of services by a work activity program or supported employment program, developed by CARF, the Rehabilitation Accreditation Commission, and applied by the commission or the department.

(m) "CARF" means CARF the Rehabilitation Accreditation Commission.

(n) "Supported employment" means paid work that is integrated in the community for individuals with developmental disabilities.

(o) "Integrated work" means the engagement of an employee with a disability in work in a setting typically found in the community in which individuals interact with individuals without disabilities other than those who are providing services to those individuals, to the same extent that individuals without disabilities in comparable positions interact with other persons.

(p) "Supported employment placement" means the employment of an individual with a developmental disability by an employer in the community, directly or through contract with a supported employment program. This includes provision of ongoing support services necessary for the individual to retain employment.

(q) "Allowable supported employment services" means the services approved in the individual program plan and specified in the individual habilitation service plan for the purpose of achieving supported employment as an outcome, and may include any of the following:

(1) Job development, to the extent authorized by the regional center.

(2) Program staff time for conducting job analysis of supported employment opportunities for a specific consumer.

(3) Program staff time for the direct supervision or training of a consumer or consumers while they engage in integrated work unless other arrangements for consumer supervision, including, but not limited to, employer supervision reimbursed by the supported employment program, are approved by the regional center.

(4) Community-based training in adaptive functional and social skills necessary to ensure job adjustment and retention.

(5) Counseling with a consumer's significant other to ensure support of a consumer in job adjustment.

(6) Advocacy or intervention on behalf of a consumer to resolve problems affecting the consumer's work adjustment or retention.

(7) Ongoing support services needed to ensure the consumer's retention of the job.

(r) "Group services" means job coaching in a group supported employment placement at a job coach-to-consumer ratio of not less than one-to-three nor more than one-to-eight where services to a minimum

of three consumers are funded by the regional center or the Department of Rehabilitation. For consumers receiving group services, ongoing support services shall be limited to job coaching and shall be provided at the worksite.

(s) "Individualized services" means job coaching and other supported employment services for regional center-funded consumers in a supported employment placement at a job coach-to-consumer ratio of one-to-one, and that decrease over time until stabilization is achieved. Individualized services may be provided on or off the jobsite.

SEC. 19. Section 5775 of the Welfare and Institutions Code is amended to read:

5775. (a) Notwithstanding any other provision of state law, the State Department of Mental Health shall implement managed mental health care for Medi-Cal beneficiaries through fee-for-service or capitated rate contracts with mental health plans, including individual counties, counties acting jointly, any qualified individual or organization, or a nongovernmental entity. A contract may be exclusive and may be awarded on a geographic basis.

(b) Two or more counties acting jointly may agree to deliver or subcontract for the delivery of mental health services. The agreement may encompass all or any portion of the mental health services provided pursuant to this part. This agreement shall not relieve the individual counties of financial responsibility for providing these services. Any agreement between counties shall delineate each county's responsibilities and fiscal liability.

(c) The department shall offer to contract with each county for the delivery of mental health services to that county's Medi-Cal beneficiary population prior to offering to contract with any other entity, upon terms at least as favorable as any offered to a noncounty contract provider. If a county elects not to contract with the department, does not renew its contract, or does not meet the minimum standards set by the department, the department may elect to contract with any other governmental or nongovernmental entity for the delivery of mental health services in that county and may administer the delivery of mental health services until a contract for a mental health plan is implemented. The county may not subsequently contract to provide mental health services under this part unless the department elects to contract with the county.

(d) If a county does not contract with the department to provide mental health services, the county shall transfer the responsibility for community Medi-Cal reimbursable mental health services and the anticipated county matching funds needed for community Medi-Cal mental health services in that county to the department. The amount of the anticipated county matching funds shall be determined by the department in consultation

with the county, and shall be adjusted annually. The amount transferred shall be based on historical cost, adjusted for changes in the number of Medi-Cal beneficiaries and other relevant factors. The anticipated county matching funds shall be used by the department to contract with another entity for mental health services, and shall not be expended for any other purpose but the provision of those services and related administrative costs. The county shall continue to deliver non-Medi-Cal reimbursable mental health services in accordance with this division, and subject to subdivision (i) of Section 5777.

(e) Whenever the department determines that a mental health plan has failed to comply with this part or any regulations adopted pursuant to this part that implement this part, the department may impose sanctions, including, but not limited to, fines, penalties, the withholding of payments, special requirements, probationary or corrective actions, or any other actions deemed necessary to prompt and ensure contract and performance compliance. If fines are imposed by the department, they may be withheld from the state matching funds provided to a mental health plan for Medi-Cal mental health services.

(f) Notwithstanding any other provision of law, emergency regulations adopted pursuant to Section 14680 to implement the second phase of mental health managed care as provided in this part shall remain in effect until permanent regulations are adopted, or June 30, 2006, whichever occurs first.

(g) The department shall convene at least two public hearings to clarify new federal regulations recently enacted by the federal Centers for Medicare and Medicaid Services that affect the state's second phase of mental health managed care and shall report to the Legislature on the results of these hearings through the 2005–06 budget deliberations.

(h) The department may adopt emergency regulations necessary to implement Part 438 (commencing with Section 438.1) of Subpart A of Subchapter C of Chapter IV of Title 42 of the Code of Federal Regulations, in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of emergency regulations to implement this part, that are filed with the Office of Administrative Law within one year of the date on which the act that amended this subdivision in 2003 took effect, shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, and safety, or general welfare, and shall remain in effect for no more than 180 days.

SEC. 20. Section 6606 of the Welfare and Institutions Code is amended to read:

6606. (a) A person who is committed under this article shall be provided with programming by the State Department of Mental Health

which shall afford the person with treatment for his or her diagnosed mental disorder. Persons who decline treatment shall be offered the opportunity to participate in treatment on at least a monthly basis.

(b) Amenability to treatment is not required for a finding that any person is a person described in Section 6600, nor is it required for treatment of that person. Treatment does not mean that the treatment be successful or potentially successful, nor does it mean that the person must recognize his or her problem and willingly participate in the treatment program.

(c) The programming provided by the State Department of Mental Health in facilities shall be consistent with current institutional standards for the treatment of sex offenders, and shall be based on a structured treatment protocol developed by the State Department of Mental Health. The protocol shall describe the number and types of treatment components that are provided in the program, and shall specify how assessment data will be used to determine the course of treatment for each individual offender. The protocol shall also specify measures that will be used to assess treatment progress and changes with respect to the individual's risk of reoffense.

(d) Notwithstanding any other provision of law, except as to requirements relating to fire and life safety of persons with mental illness, and consistent with information and standards described in subdivision (c), the department is authorized to provide the programming using an outpatient/day treatment model, wherein treatment is provided by licensed professional clinicians in living units not licensed as health facility beds within a secure facility setting, on less than a 24-hour a day basis. The department shall take into consideration the unique characteristics, individual needs, and choices of persons committed under this article, including whether or not a person needs antipsychotic medication, whether or not a person has physical medical conditions, and whether or not a person chooses to participate in a specified course of offender treatment. The department shall ensure that policies and procedures are in place that address changes in patient needs, as well as patient choices, and respond to treatment needs in a timely fashion. The department, in implementing this subdivision, shall be allowed by the State Department of Health Services to place health facility beds at Coalinga State Hospital in suspense for a period of up to six years. Coalinga State Hospital may remove all or any portion of its voluntarily suspended beds into active license status by request to the State Department of Health Services. The facility's request shall be granted unless the suspended beds fail to comply with current operational requirements for licensure.

(e) The department shall meet with each patient who has chosen not to participate in a specific course of offender treatment during monthly

treatment planning conferences. At these conferences the department shall explain treatment options available to the patient, offer and re-offer treatment to the patient, seek to obtain the patient's cooperation in the recommended treatment options, and document these steps in the patient's health record. The fact that a patient has chosen not to participate in treatment in the past shall not establish that the patient continues to choose not to participate.

SEC. 20.1. Section 10506 is added to the Welfare and Institutions Code, to read:

10506. (a) Except as otherwise required by Sections 10614 and 14100.5, the State Department of Health Services (Genetically Handicapped Persons, CCS, CHDP, and the caseload programs in the Genetic Disease Branch), State Department of Alcohol and Drug Programs (Drug Medi-Cal Program), Managed Risk Medical Insurance Board, State Department of Developmental Services, State Department of Mental Health, Department of Rehabilitation, and Department of Child Support Services shall submit to the Department of Finance for its approval all assumptions underlying all estimates used to develop the departments' budgets by September 10 of each year, and those assumptions, as revised by, March 1 of the following year.

(b) The Department of Finance shall approve, modify, or deny the assumptions underlying all estimates within 15 working days of their submission. If the Department of Finance does not modify, deny, or otherwise indicate that the assumptions are open for consideration pending further information submitted by the department by that date, the assumptions as presented by the submitting department shall be deemed to be accepted by the Department of Finance as of that date.

(c) Each department or board described in subdivision (a) shall also submit an estimate of expenditures for each of the categorical aid programs in its budget to the Department of Finance by November 1 of each year and those estimates as revised by April 20 of the following year. Each estimate shall contain a concise statement identifying applicable estimate components, such as caseload, unit cost, implementation date, whether it is a new or continuing premise, and other assumptions necessary to support the estimate. The submittal shall include a projection of the fiscal impact of each of the approved assumptions related to a regulatory, statutory, or policy change, a detailed explanation of any changes to the base estimate projections from the previous estimate, and a projection of the fiscal impact of that change to the base estimate.

(d) Each department or board shall identify those premises to which either of the following applies:

(1) Have been discontinued since the previous estimate was submitted. The department or board shall provide a chart that tracks the history of each discontinued premise in the prior year, the current year, and the budget year.

(2) Have been placed in the basic cost line of the estimate package.

(e) In the event that the methodological steps employed in arriving at the estimates in May differ from those used in November of the preceding year, the department or board shall submit a descriptive narrative of the revised methodology. In addition, the estimates shall include fiscal charts that track appropriations from the Budget Act to the current Governor's Budget and May Revision for all fund sources for the prior year, current year and budget year. This information shall be provided to the Department of Finance, the Joint Legislative Budget Committee, the Health and Human Services Policy Committees, and the fiscal committees, along with other materials included in the annual May revision of expenditure estimates.

(f) The estimates of average monthly caseloads, average monthly grants, total estimated expenditures, including administrative expenditures and savings or costs associated with all regulatory or statutory changes, as well as all supporting data provided by the department or developed independently by the Department of Finance, shall be made available to the Joint Legislative Budget Committee, the Health and Human Services Policy Committees, and the fiscal committees.

(g) On or after January 10, if the Department of Finance discovers a material error in the information provided pursuant to this section, the Department of Finance shall inform the consultants to the fiscal committees of the error in a timely manner.

(h) The departmental estimates, assumptions, and other supporting data prepared for purposes of this section shall be forwarded annually to the Joint Legislative Budget Committee, the Health and Human Services Policy Committees, and the fiscal committees of the Legislature, not later than January 10 and May 14 by the department or board if this information has not been released earlier by the Department of Finance.

(i) The requirements of this section do not apply to the State Department of Social Services estimate or the State Department of Health Services' Medi-Cal Program estimate, which are governed by Sections 10614 and 14100.5, respectively.

SEC. 20.2. Section 14001.11 is added to the Welfare and Institutions Code, to read:

14001.11. (a) The department shall implement the federal requirements described in Section 1396u-5 of Title 42 of the United States Code.

(b) In each of the several counties of the state, the eligibility and enrollment functions required under Section 1396u-5(a)(2) and (3) of Title 42 of the United States Code, which may include, but are not limited to, determining eligibility and offering enrollment for premium and cost sharing subsidies made available under and in accordance with Section 1395w-114 of Title 42 of the United States Code, shall be a county function and responsibility, subject to the direction, authority, and regulations of the department. The department shall request input from the counties as to the potential cost of implementing these provisions, and shall consider that input in developing the budget.

(c) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section by means of all county letters, provider bulletins, or similar instructions, with input from the counties. Thereafter, the department may adopt regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code.

(d) The department shall seek approval of any amendments to the state plan, necessary to implement this section, for purposes of federal financial participation under Title XIX of the Social Security Act (42 U.S.C. Sec. 1396 et seq.). Notwithstanding any other law and only when all necessary federal approvals have been obtained, this section, with the exception of the Phased-Down State Contribution, as described in subparagraphs (A) to (C), inclusive, of paragraph (1) of subdivision (c) of Section 1396u-5 of Title 42 of the United States Code, shall be implemented only to the extent federal financial participation is available.

SEC. 20.3. Section 14011.65 is added to the Welfare and Institutions Code, to read:

14011.65. (a) To the extent allowed under federal law and only if federal financial participation is available under Title XXI of the Social Security Act (42 U.S.C. Sec. 1397aa et seq.), the state shall administer the Medi-Cal to Healthy Families Accelerated Enrollment program, to provide any child who meets the criteria set forth in subdivision (b) with temporary health benefits for the period described in paragraph (2) of subdivision (b), as established under Part 6.2 (commencing with Section 12693) of Division 2 of the Insurance Code.

(b) (1) Any child who meets all of the following requirements, shall be eligible for temporary health benefits under this section:

(A) The child, or his or her parent or guardian, submits an application for the Medi-Cal program directly to the county.

(B) The child's income, as determined on the basis of the application described in subparagraph (A), is within the income limits established by the Healthy Families Program.

(C) The child is under 19 years of age at the time of the application.

(D) The county determines, on the basis of the application described in subparagraph (A), that the child is eligible for full-scope Medi-Cal with a share of cost.

(E) The child is not receiving Medi-Cal benefits at the time that the application is submitted.

(F) The child, or his or her parent or guardian, gives, or has given consent for the application to be shared with the Healthy Families Program for purposes of determining the child's Healthy Families Program eligibility.

(2) The period of accelerated eligibility provided for under this section begins on the first day of the month that the county finds that the child meets all of the criteria described in paragraph (1) and concludes on the last day of the month that the child either is fully enrolled in, or has been determined ineligible for, the Healthy Families Program.

(3) For any child who meets the requirements for temporary health benefits under this section, the county shall forward to the Healthy Families Program sufficient information from the child's application to determine eligibility for the Healthy Families Program. To the extent possible, submission of that information to the Healthy Families Program shall be accomplished using an electronic process developed for use in the Medi-Cal-to-Healthy Families Bridge Benefits Program. The department shall give the Healthy Families Program a daily electronic file of all children provided temporary health benefits pursuant to this section.

(4) The temporary health benefits provided under this section shall be identical to the benefits provided to children who receive full-scope Medi-Cal benefits without a share of cost and shall only be made available through a Medi-Cal provider.

(c) The department, in consultation with the Managed Risk Medical Insurance Board and representatives of the local agencies that administer the Medi-Cal program, consumer advocates, and other stakeholders, shall develop and distribute the policies and procedures, including any all-county letters, necessary to implement this section.

(d) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this section by means of all-county letters or similar instructions, without taking any further regulatory action. Thereafter, the department may adopt regulations, as necessary, to implement this section in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) The department shall seek approval of any amendments to the state plan necessary to implement this section, in accordance with Title XIX (42 U.S.C. Sec. 1396 et seq.) of the Social Security Act. Notwithstanding any other provision of law, only when all necessary federal approvals have been obtained shall this section be implemented.

(f) Under no circumstances shall this section be implemented unless the state has sought and obtained approval of any amendments to its state plan, as described in Section 12693.50 of the Insurance Code, necessary to implement this section and obtain funding under Title XXI of the Social Security Act(42 U.S.C. Sec. 1397aa et seq.) for the provision of benefits provided under this section. Notwithstanding any other provision of law, and only when all necessary federal approvals have been obtained by the state, this section shall be implemented only to the extent federal financial participation under Title XXI of the Social Security Act(42 U.S.C. Sec. 1397aa et seq.) is available to fund benefits provided under this section.

(g) The department shall commence implementation of this section on the first day of the third month following the month in which federal approval of the state plan amendment or amendments described in subdivision (f), and subdivision (b) of Section 12693.50 of the Insurance Code is received, or on August 1, 2006, whichever is later.

SEC. 20.5. Section 14043.46 of the Welfare and Institutions Code is amended to read:

14043.46. (a) Notwithstanding any other provision of law, on the effective date of the act adding this section, the department may implement a one-year moratorium on the certification and enrollment into the Medi-Cal program of new adult day health care centers on a statewide basis or within a geographic area.

(b) The moratorium shall not apply to the following:

(1) Programs of All-Inclusive Care for the Elderly (PACE) established pursuant to Chapter 8.75 (commencing with Section 14590).

(2) An organization that currently holds a designation as a federally qualified health center as defined in Section 1396d(*l*)(2) of Title 42 of the United States Code.

(3) An organization that currently holds a designation as a federally qualified rural health clinic as defined in Section 1396d(*l*)(1) of Title 42 of the United States Code.

(4) An applicant with the physical location of the center in an unserved area, which is defined as a county having no licensed and certified adult day health care center within its geographic boundary.

(5) An applicant for licensure and certification that has been designated by a city and county, which, pursuant to a court order, is discharging persons currently residing in a city and county nursing facility

to community housing, provided that all participants enrolled in the applicant's center are former residents of the city and county nursing facility.

(6) An applicant that is requesting expansion or relocation, or both, that has been Medi-Cal certified as an adult day health care center for at least four years, is expanding or relocating within the same county, and that meets one of the following population-based criteria:

(A) The county is ranked number one or two for having the highest ratio of persons over 65 years of age receiving Medi-Cal benefits.

(B) The county is ranked number one or two for having the highest ratio of persons over 85 years of age residing in the county.

(C) The county is ranked number one or two for having the greatest ratio of persons over 65 years of age living in poverty.

(7) An applicant for certification that is currently licensed and located in a county with a population that exceeds 9,000,000 and meets the following criteria:

(A) The applicant has identified a special population of regional center consumers whose individual program plan calls for the specialized health and social services that are uniquely provided within the adult day health care center, in order to prevent deterioration of the special population's health status.

(B) The referring regional center submits a letter to the Director of Health Services supporting the applicant for certification as an adult day health care provider for this special population.

(C) The applicant is currently providing services to the special population as a vendor of the referring regional center.

(D) The participants in the center are clients of the referring regional center and are not residing in a health facility licensed pursuant to subdivision (c), (d), (g), (h), or (k) of Section 1250 of the Health and Safety Code.

(c) The moratorium shall not prohibit the department from approving a change of ownership, relocation, or increase in capacity for an adult day health care center if the following conditions are met:

(1) For an application to change ownership, the adult day health care center meets all of the following conditions:

(A) Has been licensed and certified prior to the effective date of this section.

(B) Has a license in good standing.

(C) Has a record of substantial compliance with certification laws and regulations.

(D) Has met all requirements for the change application.

(2) For an application to relocate an existing facility, the relocation center must meet all of the conditions of paragraph (1) and both of the following conditions:

(A) Must be located in the same county as the existing licensed center.

(B) Must be licensed for the same capacity as the existing licensed center, unless the relocation center is located in an underserved area, which is defined as a county having 2 percent or fewer Medi-Cal beneficiaries over the age of 65 years using adult day health care services, based on 2002 calendar year Medi-Cal utilization data.

(3) For an application to increase the capacity of an existing facility, the center must meet all of the conditions of paragraph (1) and must be located in an underserved area, which is defined as a county having 2 percent or fewer Medi-Cal beneficiaries over the age of 65 years using adult day health care services, based on 2002 calendar year Medi-Cal utilization data.

(d) Following the first 180 days of the moratorium period, the department may make exceptions to the moratorium for new adult day health care centers that are located in underserved areas if the center's application was on file with the department on or before the effective date of the act adding this section. In order to apply for this exemption, an applicant or licensee must meet all of the following criteria:

(1) The applicant has control of a facility, either by ownership or lease agreement, that will house the adult day health care center, has provided to the department all necessary documents and fees, and has completed and submitted all required fingerprinting forms to the department.

(2) The physical location of the applicant's or licensee's adult day health care center is in an underserved area, which is defined as a county having 2 percent or fewer Medi-Cal beneficiaries over the age of 65 years using adult day health care services, based on 2002 calendar year Medi-Cal utilization data.

(e) During the period of the moratorium, a licensee or applicant that meets the criteria for an exemption as defined in subdivision (d) may submit a written request for an exemption to the director.

(f) If the director determines that a new adult day health care licensee or applicant meets the exemption criteria, the director may certify the licensee or applicant, once licensed, for participation in the Medi-Cal program.

(g) The director may extend this moratorium, if necessary, to coincide with the implementation date of the adult day health care waiver.

(h) The authority granted in this section shall not be interpreted as a limitation on the authority granted to the department in any other section.

SEC. 21. Section 14080 is added to the Welfare and Institutions Code, to read:

14080. (a) Notwithstanding any other provision of this chapter, reimbursement to providers for dental services provided to individuals 21 years of age or older at the time of services shall be limited to not more than one thousand eight hundred dollars ($1,800) per beneficiary in any calendar year, commencing January 1, 2006. This limitation shall not apply to any of the following:

(1) Emergency dental services within the scope of covered dental benefits defined as a dental condition manifesting itself by acute symptoms of sufficient severity such that the absence of immediate medical attention could reasonably be expected to result in placing the health of the individual in serious jeopardy, serious impairment to bodily functions, or serious dysfunction of any bodily organ or part.

(2) Services that are federally mandated under Part 440 (commencing with Section 440.1) of Title 42 of the Code of Federal Regulations, including pregnancy-related services and services for other conditions that might complicate the pregnancy.

(3) Dentures.

(4) Maxillofacial and complex oral surgery.

(5) Maxillofacial services, including dental implants and implant-retained prostheses.

(6) Services provided in long-term care facilities.

(b) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section by means of all-county letters, provider bulletins, or similar instructions. No later than January 1, 2008, the department shall adopt regulations in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) The department shall pursue any state plan amendment or other federal approval necessary in order to effectuate this section. This section shall be implemented only to the extent that federal financial participation is available.

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

SEC. 22. Section 14085.6 of the Welfare and Institutions Code is amended to read:

14085.6. (a) Except as stated in subdivision (g), each hospital contracting to provide services under this article that meets the criteria contained in the state medicaid plan for disproportionate share hospital status shall be eligible to negotiate with the commission for distributions from the Emergency Services and Supplemental Payments Fund, which

is hereby created. All distributions from the fund shall be pursuant to this section.

(b) (1) To the extent permitted by federal law, the department shall administer the fund in accordance with this section.

(2) The money in this fund shall be available for expenditure by the department for the purposes of this section, subject to approval through the regular budget process.

(c) The fund shall include all of the following:

(1) Subject to subdivision (*l*), all public funds transferred by public agencies to the department for deposit in the fund, as permitted under Section 433.51 of Title 42 of the Code of Federal Regulations or any other applicable federal medicaid laws. These transfers shall constitute local government financial participation in Medi-Cal as permitted under Section 1902 (a)(2) of the Social Security Act (Title 42 U.S.C. Sec. 1396a (a)(2)) and other applicable federal medicaid laws.

(2) Subject to subdivision (*l*), all private donated funds transferred by private individuals or entities for deposit in the fund as permitted under applicable federal medicaid laws.

(3) Any amounts appropriated to the fund by the Legislature.

(4) Interest that accrues on amounts in the fund.

(5) Moneys appropriated to the fund, or appropriated for poison control center grants and transferred to the fund, pursuant to the annual Budget Act.

(d) Amounts in the fund shall be used as the source for the nonfederal share of payments to hospitals under this section. Moneys shall be allocated from the fund by the department and matched by federal funds in accordance with customary Medi-Cal accounting procedures for purposes of payments under this section.

(e) Distributions from the fund shall be supplemental to any and all other amounts that hospitals would have received under the contracting program, and under the state medicaid plan, including contract rate increases and supplemental payments and payment adjustments under distribution programs relating to disproportionate share hospitals.

(f) Distributions from the fund shall not serve as the state's payment adjustment program under Section 1923 of the Social Security Act (42 U.S.C. Sec. 1396r-4). To the extent permitted by federal law, and except as otherwise provided in this section, distributions from the fund shall not be subject to requirements contained in or related to Section 1923 of the Social Security Act (42 U.S.C. Sec. 1396r-4). Distributions from the fund shall be supplemental contract payments and may be structured on any federally permissible basis, as negotiated between the commission and the hospital.

(g) In order to qualify for distributions from the fund, a hospital shall meet all of the following criteria:

(1) Be a contracting hospital under this article.

(2) Satisfy the state medicaid plan criteria referred to in subdivision (a).

(3) Be one of the following:

(A) A licensed provider of basic emergency services as described in Sections 70411 and following of Title 22 of the California Code of Regulations.

(B) A licensed provider of comprehensive emergency medical services as defined in Sections 70451 and following of Title 22 of the California Code of Regulations.

(C) A children's hospital as defined in Section 14087.21 that satisfies subparagraph (A) or (B) or that jointly provides basic or comprehensive emergency services in conjunction with another licensed hospital.

(D) A hospital owned and operated by a public agency that operates two or more hospitals that qualify under subparagraph (A) or (B) with respect to the particular state fiscal year.

(E) A hospital designated by the National Cancer Institute as a comprehensive or clinical cancer research center that primarily treats acutely ill cancer patients and that is exempt from the federal Medicare prospective payment system pursuant to Section 1886(d)(1)(B)(v) of the Social Security Act (42 U.S.C. Sec. 1395ww(d)(1)(B)(v)).

(4) Be able to demonstrate a purpose for additional funding under the selective provider contracting program including proposals relating to emergency services and other health care services, including infrequent yet high-cost services, such as anti-AB human antitoxin treatment for infant botulism (human botulinum immune globulin (HBIG), commonly referred to as "Baby-BIG"), that are made available, or will be made available, to Medi-Cal beneficiaries.

(h) (1) The department shall seek federal financial participation for expenditures made from the fund to the full extent permitted by federal law.

(2) The department shall promptly seek any necessary federal approvals regarding this section.

(i) Any funds remaining in the fund at the end of a fiscal year shall be carried forward for use in following fiscal years.

(j) For purposes of this section, "fund" means the Emergency Services and Supplemental Payments Fund.

(k) (1) Any public agency transferring amounts to the fund, as specified in paragraph (1) of subdivision (c), may for that purpose, utilize any revenues, grants, or allocations received from the state for health care programs or purposes, unless otherwise prohibited by law. A public

agency may also utilize its general funds or any other public funds or revenues for purposes of transfers to the fund, unless otherwise prohibited by law.

(2) Notwithstanding paragraph (1), a public agency may transfer to the fund only those moneys that have a source that will qualify for federal financial participation under the provisions of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991 (P.L. 102-234) or other applicable federal medicaid laws.

(*l*) Public funds transferred pursuant to paragraph (1) of subdivision (c), and private donated funds transferred pursuant to paragraph (2) of subdivision (c), shall be deposited into the fund, and expended pursuant to this section. The director may accept only those funds that are certified by the transferring entity as qualifying for federal financial participation under the terms of the Medicaid Voluntary Contributions and Provider-Specific Tax Amendments of 1991 (P.L. 102-234) and may return any funds transferred in error.

(m) The department may adopt emergency regulations, if necessary, for the purposes of this section.

(n) The state shall be held harmless from any federal disallowance resulting from this section. A hospital receiving supplemental reimbursement pursuant to this section shall be liable for any reduced federal financial participation resulting from the implementation of this section with respect to that hospital. The state may recoup that federal disallowance from the hospital in any manner authorized by law or contract.

SEC. 22.1. Section 14087.48 is added to the Welfare and Institutions Code, to read:

14087.48. (a) For purposes of this section "Medi-Cal managed care plan" means any individual, organization, or entity that enters into a contract with the department pursuant to Article 2.7 (commencing with Section 14087.3), Article 2.8 (commencing with Section 14087.5), Article 2.81 (commencing with Section 14087.96), Article 2.9 (commencing with Section 14088), or Article 2.91 (commencing with Section 14089), or pursuant to Article 1 (commencing with Section 14200), or Article 7 (commencing with Section 14490) of Chapter 8.

(b) Before a Medi-Cal managed care plan commences operations based upon an action of the director that expands the geographic area of Medi-Cal managed care, the department shall perform an evaluation to determine the readiness of any affected Medi-Cal managed care plan to commence operations. The evaluation shall include, at a minimum, all of the following:

(1) The extent to which the Medi-Cal managed care plan demonstrates the ability to provide reliable service utilization and cost data, including,

but not limited to, quarterly financial reports, audited annual reports, utilization reports of medical services, and encounter data.

(2) The extent to which the Medi-Cal managed care plan has an adequate provider network, including, but not limited to, the location, office hours, and language capabilities of primary care physicians, specialists, pharmacies, and hospitals, that the types of specialists in the provider network are based on the population makeup and particular geographic needs, and that whether requirements will be met for availability of services and travel distance standards, as set forth in Sections 53852 and 53885, respectively, of Title 22 of the California Code of Regulations.

(3) The extent to which the Medi-Cal managed care plan has developed procedures for the monitoring and improvement of quality of care, including, but not limited to, procedures for retrospective reviews which include patterns of practice reviews and drug prescribing practice reviews, utilization management mechanisms to detect both under- and over-utilization of health care services, and procedures that specify timeframes for medical authorization.

(4) The extent to which the Medi-Cal managed care plan has demonstrated the ability to meet accessibility standards in accordance with Section 1300.67.2 of Title 28 of the California Code of Regulations, including, but not limited to, procedures for appointments, waiting times, telephone procedures, after hours calls, urgent care, and arrangement for the provision of unusual specialty services.

(5) The extent to which the Medi-Cal managed care plan has met all standards and guidelines established by the department that demonstrate readiness to provide services to enrollees.

(6) The extent to which the Medi-Cal managed care plan has submitted all required contract deliverables to the department, including, but not limited to, quality improvement systems, utilization management, access and availability, member services, member grievance systems, and enrollment and disenrollments.

(7) The extent to which the Medi-Cal managed care plan's Evidence of Coverage, Member Services Guide, or both, conforms to federal and state statutes and regulations, is accurate, and is easily understood.

(8) The extent to which the Medi-Cal managed care plan's primary care and facility sites have been reviewed and evaluated by the department.

SEC. 22.2. Section 14087.54 of the Welfare and Institutions Code is amended to read:

14087.54. (a) Any county or counties may establish a special commission in order to meet the problems of the delivery of publicly

assisted medical care in the county or counties and to demonstrate ways of promoting quality care and cost efficiency.

(b) (1) A county board of supervisors may, by ordinance, establish a commission to negotiate the exclusive contract specified in Section 14087.5 and to arrange for the provision of health care services provided pursuant to this chapter. The boards of supervisors of more than one county may also establish a single commission with the authority to negotiate an exclusive contract and to arrange for the provision of services in those counties. If a board of supervisors elects to enact this ordinance, all rights, powers, duties, privileges, and immunities vested in a county by this article shall be vested in the county commission. Any reference in this article to "county" shall mean a commission established pursuant to this section.

(2) The commission operating in Santa Cruz and Monterey Counties pursuant to this section may also enter into contracts for the provision of health care services to persons who are eligible to receive medical benefits under any publicly supported program, if the commission and participating providers acting pursuant to subcontracts with the commission agree to hold harmless the beneficiaries of the publicly supported programs if the contract between the sponsoring government agency and the commission does not ensure sufficient funding to cover program costs. The commission shall not use any payments or reserves from the Medi-Cal program for this purpose.

(c) It is the intent of the Legislature that if a county forms a commission pursuant to this section, the county shall, with respect to its medical facilities and programs occupy no greater or lesser status than any other health care provider in negotiating with the commission for contracts to provide health care services.

(d) The enabling ordinance shall specify the membership of the county commission, the qualifications for individual members, the manner of appointment, selection, or removal of commissioners, and how long they shall serve, and any other matters as a board of supervisors deems necessary or convenient for the conduct of the county commission's activities. A commission so established shall be considered an entity separate from the county or counties, shall be considered a public entity for purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code, and shall file the statement required by Section 53051 of the Government Code. The commission shall have in addition to the rights, powers, duties, privileges, and immunities previously conferred, the power to acquire, possess, and dispose of real or personal property, as may be necessary for the performance of its functions, to employ personnel and contract for services required to meet its obligations, to sue or be sued, and to enter into agreements under Chapter

5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code. Any obligations of a commission, statutory, contractual, or otherwise, shall be the obligations solely of the commission and shall not be the obligations of the county or of the state.

(e) Upon creation, a commission may borrow from the county or counties, and the county or counties may lend the commission funds, or issue revenue anticipation notes to obtain those funds necessary to commence operations.

(f) In the event a commission may no longer function for the purposes for which it was established, at such time as the commission's then existing obligations have been satisfied or the commission's assets have been exhausted, the board or boards of supervisors may by ordinance terminate the commission.

(g) Prior to the termination of a commission, the board or boards of supervisors shall notify the State Department of Health Services of its intent to terminate the commission. The department shall conduct an audit of the commission's records within 30 days of the notification to determine the liabilities and assets of the commission. The department shall report its findings to the board or boards within 10 days of completion of the audit. The board or boards shall prepare a plan to liquidate or otherwise dispose of the assets of the commission and to pay the liabilities of the commission to the extent of the commission's assets, and present the plan to the department within 30 days upon receipt of these findings.

(h) Upon termination of a commission by the board or boards, the county or counties shall manage any remaining assets of the commission until superseded by a department approved plan. Any liabilities of the commission shall not become obligations of the county or counties upon either the termination of the commission or the liquidation or disposition of the commission's remaining assets.

(i) Any assets of a commission shall be disposed of pursuant to provisions contained in the contract entered into between the state and the commission pursuant to this article.

SEC. 22.5. Section 14093.06 is added to the Welfare and Institutions Code, to read:

14093.06. (a) When a managed care contractor authorized to provide California Children's Services (CCS) covered services pursuant to subdivision (a) of Section 14094.3 expands to other counties, the contractor shall comply with CCS program standards including, but not limited to, referral of newborns to the appropriate neonatal intensive care level, referral of children requiring pediatric intensive care to CCS-approved pediatric intensive care units, and referral of children with CCS eligible conditions to CCS-approved inpatient facilities and

special care centers in accordance with subdivision (c) of Section 14093.05.

(b) The managed care contractor shall comply with CCS program medical eligibility regulations. Questions regarding interpretation of state CCS medical eligibility regulations, or disagreements between the county CCS program, and the managed care contractor regarding interpretation of those regulations, shall be resolved by the local CCS program, in consultation with the state CCS program. The resolution determined by the CCS program shall be communicated in writing to the managed care contractor.

(c) In following the treatment plan approved by the CCS program, the managed care contractor shall ensure the timely referral of children with special health care needs to CCS-paneled providers who are board-certified in both pediatrics and in the appropriate pediatric subspecialty.

(d) The managed care contractor shall report expenditures and savings separately for CCS covered services and CCS eligible children, in accordance with paragraph (1) of subdivision (d) of Section 14093.05.

(e) All children who are enrolled with a managed care contractor who are seeking CCS program benefits shall retain all rights to CCS program appeals and fair hearings of denials of medical eligibility or of service authorizations. Information regarding the number, nature, and disposition of appeals and fair hearings shall be part of an annual report to the Legislature on managed care contractor compliance with CCS standards, regulations, and procedures. This report shall be made available to the public.

(f) The state, in consultation with stakeholder groups, shall develop unique pediatric plan performance standards and measurements, including, but not limited to, the health outcomes of children with special health care needs.

SEC. 23. Section 14105.23 is added to the Welfare and Institutions Code, to read:

14105.23. (a) Reimbursement for portable X-ray transportation services, as defined in paragraph (2) of subdivision (b) of Section 51531 of Title 22 of the California Code of Regulations, shall not exceed 100 percent of the lowest maximum allowance for California established by the federal Medicare Program for the same or similar services.

(b) Notwithstanding subdivision (a) of Section 14105 and the rulemaking provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the director may establish the rates of reimbursement for the services described in subdivision (a) by means of a provider bulletin or manual, or similar instructions.

SEC. 24. Section 14105.24 is added to the Welfare and Institutions Code, to read:

14105.24. (a) Clinics and hospital outpatient departments, except for emergency rooms, owned or operated by Los Angeles County that participated in the California Section 1115 Medicaid Demonstration Project for Los Angeles County (No. 11-W-00076/9) and received 100 percent cost-based reimbursement pursuant to the Special Terms and Conditions of that waiver shall continue to be reimbursed under a cost-based methodology on and after July 1, 2005.

(b) Reimbursement to clinics and hospitals described in subdivision (a) shall be at 100 percent of reasonable and allowable costs for Medi-Cal services rendered to Medi-Cal beneficiaries. Reasonable and allowable costs shall be determined in accordance with applicable cost-based reimbursement provisions of the following regulations and publications:

(1) The Medicare reimbursement methodology as specified at Sections 405.2460 to 405.2470, inclusive, of Title 42 of the Code of Federal Regulations, together with applicable definitions in Subpart X of Part 405 of Title 42 of the Code of Federal Regulations to the extent those definitions are applied by the department in connection with payments to federally qualified health centers in California.

(2) Cost reimbursement principles outlined in Part 413 (commencing with Section 413.1) of Title 42 of the Code of Federal Regulations. In the event of a conflict between the provisions of Part 405 and Part 413, the provisions of Part 405 shall govern.

(3) "Cost Principles for State, Local, and Indian Tribe Governments" (OMB Circular A-87).

(4) "Rural Health and FQHC Manual" (CMS Publication 27).

(5) Subdivision (e) of Section 14087.325 and any implementing regulations.

(c) The methodology for reimbursement adopted by the state to comply with Section 1396a(aa) of Title 42 of the United States Code shall not be applicable to clinics and hospitals that are paid pursuant to this section.

(d) This section shall be implemented on the effective date established by the federal Centers for Medicare and Medicaid Services for an amendment to the California Medicaid State Plan that approves the cost-based reimbursement methodology for the clinics and hospitals described in subdivision (b).

(e) Notwithstanding subdivision (a) of Section 14105, and the rulemaking provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement and administer the cost-based rates of reimbursement

described in this section by means of provider bulletins or manuals, or similar instructions.

SEC. 25. Section 14105.48 of the Welfare and Institutions Code is amended to read:

14105.48. (a) The department shall establish a list of covered services and maximum allowable reimbursement rates for durable medical equipment as defined in Section 51160 of Title 22 of the California Code of Regulations and the list shall be published in provider manuals. The list shall specify utilization controls to be applied to each type of durable medical equipment.

(b) Reimbursement for durable medical equipment, except wheelchairs, wheelchair accessories, and speech-generating devices and related accessories, shall be the lesser of (1) the amount billed pursuant to Section 51008.1 of Title 22 of the California Code of Regulations, or (2) an amount that does not exceed 80 percent of the lowest maximum allowance for California established by the federal Medicare program for the same or similar item or service, or (3) the guaranteed acquisition cost negotiated by means of the contracting process provided for pursuant to Section 14105.3 plus a percentage markup to be established by the department.

(c) Reimbursement for wheelchairs, wheelchair accessories, and speech-generating devices and related accessories shall be the lesser of (1) the amount billed pursuant to Section 51008.1 of Title 22 of the California Code of Regulations, or (2) an amount that does not exceed 100 percent of the lowest maximum allowance for California established by the federal Medicare program for the same or similar item or service, or (3) the guaranteed acquisition cost negotiated by means of the contracting process provided for pursuant to Section 14105.3 plus a percentage markup to be established by the department.

(d) Reimbursement for all durable medical equipment billed to the Medi-Cal program utilizing codes with no specified maximum allowable rate shall be the lesser of (1) the amount billed pursuant to Section 51008.1 of Title 22 of the California Code of Regulations, or (2) the guaranteed acquisition cost negotiated by means of the contracting process provided for pursuant to Section 14105.3 plus a percentage markup to be established by the department, or (3) the actual acquisition cost plus a markup to be established by the department, or (4) the manufacturer's suggested retail purchase price reduced by a percentage discount not to exceed 20 percent, or (5) a price established through targeted product-specific cost containment provisions developed with providers.

(e) Reimbursement for all durable medical equipment supplies and accessories billed to the Medi-Cal program shall be the lesser of (1) the

amount billed pursuant to Section 51008.1 of Title 22 of the California Code of Regulations, or (2) the acquisition cost plus a 23 percent markup.

(f) Any regulation in Division 3 of Title 22 of the California Code of Regulations that contains provisions for reimbursement rates for durable medical equipment shall be amended or repealed effective for dates of service on or after the date of the act adding this section.

(g) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code, actions under this section shall not be subject to the Administrative Procedure Act or to the review and approval of the Office of Administrative Law.

(h) The department shall consult with interested parties and appropriate stakeholders in implementing this section with respect to all of the following:

(1) Notifying the provider representatives of the proposed change.

(2) Scheduling at least one meeting to discuss the change.

(3) Allowing for written input regarding the change.

(4) Providing advance notice on the implementation and effective date of the change.

(i) The department may require providers of durable medical equipment to appeal Medicare denials for dually eligible beneficiaries as a condition of Medi-Cal payment.

SEC. 25.5. Section 14105.7 of the Welfare and Institutions Code is amended to read:

14105.7. (a) In order to fairly reimburse pharmacies for the furnishing of prescription drugs to Medi-Cal beneficiaries, the director shall update allowable drug product prices within seven days of receiving notice of a drug product price change. Notice to the director shall include, but not be limited to, publication of the price change in the supplier's catalog or supplement or in nationally distributed drug price reference guides.

(b) No regulation reducing allowable drug product cost reimbursement or removing a drug from the Medi-Cal list of contract drugs shall be operative until at least 30 days after eligible pharmacies have been mailed a notice of the reimbursement limitation by the department or the fiscal intermediary.

(c) The director shall limit the rate of payment for the professional fee portion of prescription services rendered under this chapter pursuant to Section 4064 of the Business and Professions Code or Section 11201 of the Health and Safety Code and the professional fee portion of prescription services rendered as a refill immediately subsequent to such prescription to ensure that the total professional fee paid for the two services does not exceed the professional fee paid for the same prescription refill when provided as a routine service.

SEC. 26. Section 14115.8 of the Welfare and Institutions Code is amended to read:

14115.8. (a) (1) The department shall amend the Medicaid state plan with respect to the billing option for services by local education agencies, to ensure that schools shall be reimbursed for all eligible services that they provide that are not precluded by federal requirements.

(2) The department shall examine methodologies for increasing school participation in the Medi-Cal billing option for local education agencies so that schools can meet the health care needs of their students.

(3) The department, to the extent possible shall simplify claiming processes for local education agency billing.

(4) The department shall eliminate and modify state plan and regulatory requirements that exceed federal requirements when they are unnecessary.

(b) If a rate study for the LEA Medi-Cal billing option is completed pursuant to Section 52 of Chapter 171 of the Statutes of 2001, the department, in consultation with the entities named in subdivision (c), shall implement the recommendations from the study, to the extent feasible and appropriate.

(c) In order to assist the department in formulating the state plan amendments required by subdivisions (a) and (b), the department shall regularly consult with the State Department of Education, representatives of urban, rural, large and small school districts, and county offices of education, the local education consortium, local education agencies, and the local education agency technical assistance project. It is the intent of the Legislature that the department also consult with staff from Region IX of the federal Centers for Medicare and Medicaid Services, experts from the fields of both health and education, and state legislative staff.

(d) Notwithstanding any other provision of law, or any other contrary state requirement, the department shall take whatever action is necessary to ensure that, to the extent there is capacity in its certified match, a local education agency shall be reimbursed retroactively for the maximum period allowed by the federal government for any department change that results in an increase in reimbursement to local education agency providers.

(e) The department may undertake all necessary activities to recoup matching funds from the federal government for reimbursable services that have already been provided in the state's public schools. The department shall prepare and take whatever action is necessary to implement all regulations, policies, state plan amendments, and other requirements necessary to achieve this purpose.

(f) The department shall file an annual report with the Legislature that shall include at least all of the following:

(1) A copy of the annual comparison required by subdivision (i).

(2) A state-by-state comparison of school-based Medicaid total and per eligible child claims and federal revenues. The comparison shall include a review of the most recent two years for which completed data is available.

(3) A summary of department activities and an explanation of how each activity contributed toward narrowing the gap between California's per eligible student federal fund recovery and the per student recovery of the top three states.

(4) A listing of all school-based services, activities, and providers approved for reimbursement by the federal Centers for Medicare and Medicaid Services in other state plans that are not yet approved for reimbursement in California's state plan and the service unit rates approved for reimbursement.

(5) The official recommendations made to the department by the entities named in subdivision (c) and the action taken by the department regarding each recommendation.

(6) A one-year timetable for state plan amendments and other actions necessary to obtain reimbursement for those items listed in paragraph (4).

(7) Identify any barriers to local education agency reimbursement, including those specified by the entities named in subdivision (c), that are not imposed by federal requirements, and describe the actions that have been, and will be, taken to eliminate them.

(g) (1) These activities shall be funded and staffed by proportionately reducing federal Medicaid payments allocable to local educational agencies for the provision of benefits funded by the federal Medicaid program under the billing option for services by local educational agencies specified in this section. Moneys collected as a result of the reduction in federal Medicaid payments allocable to local educational agencies shall be deposited into the Local Education Agency Medi-Cal Recovery Account, which is hereby established in the Special Deposit Fund established pursuant to Section 16370 of the Government Code. These funds shall be used only to support the department to meet all the requirements of this section. As of January 1, 2010, unless the Legislature enacts a new statute or extends the date beyond January 1, 2010, all funds in the Local Education Agency Medi-Cal Recovery Account shall be returned proportionally to all local educational agencies whose federal Medicaid funds were used to create this account. The annual amount funded shall not exceed one million five hundred thousand dollars ($1,500,000).

(2) Commencing with the 2003-04 fiscal year, funding received pursuant to paragraph (1) shall derive only from federal Medicaid funds

that exceed the baseline amount of local educational agency Medicaid billing option revenues for the 2000-01 fiscal year.

(h) (1) The department may enter into a sole source contract to comply with the requirements of this section.

(2) The level of additional staff to comply with the requirements of this section, including, but not limited to, staff for which the department has contracted for pursuant to paragraph (1), shall be limited to that level that can be funded with revenues derived pursuant to subdivision (g).

(i) The activities of the department shall include all of the following:

(1) An annual comparison of the school-based Medicaid systems in comparable states.

(2) Efforts to improve communications with the federal government, the State Department of Education, and local education agencies.

(3) The development and updating of written guidelines to local education agencies regarding best practices to avoid audit exceptions, as needed.

(4) The establishment and maintenance of a local education agency friendly interactive Web site.

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

SEC. 27. Section 14132 of the Welfare and Institutions Code is amended to read:

14132. The following is the schedule of benefits under this chapter:

(a) Outpatient services are covered as follows:

Physician, hospital or clinic outpatient, surgical center, respiratory care, optometric, chiropractic, psychology, podiatric, occupational therapy, physical therapy, speech therapy, audiology, acupuncture to the extent federal matching funds are provided for acupuncture, and services of persons rendering treatment by prayer or healing by spiritual means in the practice of any church or religious denomination insofar as these can be encompassed by federal participation under an approved plan, subject to utilization controls.

(b) Inpatient hospital services, including, but not limited to, physician and podiatric services, physical therapy and occupational therapy, are covered subject to utilization controls.

(c) Nursing facility services, subacute care services, and services provided by any category of intermediate care facility for the developmentally disabled, including podiatry, physician, nurse practitioner services, and prescribed drugs, as described in subdivision (d), are covered subject to utilization controls. Respiratory care, physical therapy, occupational therapy, speech therapy, and audiology services for patients in nursing facilities and any category of intermediate care

facility for the developmentally disabled are covered subject to utilization controls.

(d) Purchase of prescribed drugs is covered subject to the Medi-Cal List of Contract Drugs and utilization controls.

(e) Outpatient dialysis services and home hemodialysis services, including physician services, medical supplies, drugs and equipment required for dialysis, are covered, subject to utilization controls.

(f) Anesthesiologist services when provided as part of an outpatient medical procedure, nurse anesthetist services when rendered in an inpatient or outpatient setting under conditions set forth by the director, outpatient laboratory services, and X-ray services are covered, subject to utilization controls. Nothing in this subdivision shall be construed to require prior authorization for anesthesiologist services provided as part of an outpatient medical procedure or for portable X-ray services in a nursing facility or any category of intermediate care facility for the developmentally disabled.

(g) Blood and blood derivatives are covered.

(h) (1) Emergency and essential diagnostic and restorative dental services, except for orthodontic, fixed bridgework, and partial dentures that are not necessary for balance of a complete artificial denture, are covered, subject to utilization controls. The utilization controls shall allow emergency and essential diagnostic and restorative dental services and prostheses that are necessary to prevent a significant disability or to replace previously furnished prostheses which are lost or destroyed due to circumstances beyond the beneficiary's control. Notwithstanding the foregoing, the director may by regulation provide for certain fixed artificial dentures necessary for obtaining employment or for medical conditions that preclude the use of removable dental prostheses, and for orthodontic services in cleft palate deformities administered by the department's California Children Services Program.

(2) For persons 21 years of age or older, the services specified in paragraph (1) shall be provided subject to the following conditions:

(A) Periodontal treatment is not a benefit.

(B) Endodontic therapy is not a benefit except for vital pulpotomy.

(C) Laboratory processed crowns are not a benefit.

(D) Removable prosthetics shall be a benefit only for patients as a requirement for employment.

(E) The director may, by regulation, provide for the provision of fixed artificial dentures that are necessary for medical conditions that preclude the use of removable dental prostheses.

(F) Notwithstanding the conditions specified in subparagraphs (A) to (E), inclusive, the department may approve services for persons with special medical disorders subject to utilization review.

(3) Paragraph (2) shall become inoperative July 1, 1995.

(i) Medical transportation is covered, subject to utilization controls.

(j) Home health care services are covered, subject to utilization controls.

(k) Prosthetic and orthotic devices and eyeglasses are covered, subject to utilization controls. Utilization controls shall allow replacement of prosthetic and orthotic devices and eyeglasses necessary because of loss or destruction due to circumstances beyond the beneficiary's control. Frame styles for eyeglasses replaced pursuant to this subdivision shall not change more than once every two years, unless the department so directs.

Orthopedic and conventional shoes are covered when provided by a prosthetic and orthotic supplier on the prescription of a physician and when at least one of the shoes will be attached to a prosthesis or brace, subject to utilization controls. Modification of stock conventional or orthopedic shoes when medically indicated, is covered subject to utilization controls. When there is a clearly established medical need that cannot be satisfied by the modification of stock conventional or orthopedic shoes, custom-made orthopedic shoes are covered, subject to utilization controls.

Therapeutic shoes and inserts are covered when provided to beneficiaries with a diagnosis of diabetes, subject to utilization controls, to the extent that federal financial participation is available.

(*l*) Hearing aids are covered, subject to utilization controls. Utilization controls shall allow replacement of hearing aids necessary because of loss or destruction due to circumstances beyond the beneficiary's control.

(m) Durable medical equipment and medical supplies are covered, subject to utilization controls. The utilization controls shall allow the replacement of durable medical equipment and medical supplies when necessary because of loss or destruction due to circumstances beyond the beneficiary's control. The utilization controls shall allow authorization of durable medical equipment needed to assist a disabled beneficiary in caring for a child for whom the disabled beneficiary is a parent, stepparent, foster parent, or legal guardian, subject to the availability of federal financial participation. The department shall adopt emergency regulations to define and establish criteria for assistive durable medical equipment 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).

(n) Family planning services are covered, subject to utilization controls.

(o) Inpatient intensive rehabilitation hospital services, including respiratory rehabilitation services, in a general acute care hospital are

covered, subject to utilization controls, when either of the following criteria are met:

(1) A patient with a permanent disability or severe impairment requires an inpatient intensive rehabilitation hospital program as described in Section 14064 to develop function beyond the limited amount that would occur in the normal course of recovery.

(2) A patient with a chronic or progressive disease requires an inpatient intensive rehabilitation hospital program as described in Section 14064 to maintain the patient's present functional level as long as possible.

(p) Adult day health care is covered in accordance with Chapter 8.7 (commencing with Section 14520).

(q) (1) Application of fluoride, or other appropriate fluoride treatment as defined by the department, other prophylaxis treatment for children 17 years of age and under, are covered.

(2) All dental hygiene services provided by a registered dental hygienist in alternative practice pursuant to Sections 1768 and 1770 of the Business and Professions Code may be covered as long as they are within the scope of Denti-Cal benefits and they are necessary services provided by a registered dental hygienist in alternative practice.

(r) (1) Paramedic services performed by a city, county, or special district, or pursuant to a contract with a city, county, or special district, and pursuant to a program established under Article 3 (commencing with Section 1480) of Chapter 2.5 of Division 2 of the Health and Safety Code by a paramedic certified pursuant to that article, and consisting of defibrillation and those services specified in subdivision (3) of Section 1482 of the article.

(2) All providers enrolled under this subdivision shall satisfy all applicable statutory and regulatory requirements for becoming a Medi-Cal provider.

(3) This subdivision shall be implemented only to the extent funding is available under Section 14106.6.

(s) In-home medical care services are covered when medically appropriate and subject to utilization controls, for beneficiaries who would otherwise require care for an extended period of time in an acute care hospital at a cost higher than in-home medical care services. The director shall have the authority under this section to contract with organizations qualified to provide in-home medical care services to those persons. These services may be provided to patients placed in shared or congregate living arrangements, if a home setting is not medically appropriate or available to the beneficiary. As used in this section, "in-home medical care service" includes utility bills directly attributable to continuous, 24-hour operation of life-sustaining medical equipment, to the extent that federal financial participation is available.

As used in this subdivision, in-home medical care services, include, but are not limited to:

(1) Level of care and cost of care evaluations.

(2) Expenses, directly attributable to home care activities, for materials.

(3) Physician fees for home visits.

(4) Expenses directly attributable to home care activities for shelter and modification to shelter.

(5) Expenses directly attributable to additional costs of special diets, including tube feeding.

(6) Medically related personal services.

(7) Home nursing education.

(8) Emergency maintenance repair.

(9) Home health agency personnel benefits which permit coverage of care during periods when regular personnel are on vacation or using sick leave.

(10) All services needed to maintain antiseptic conditions at stoma or shunt sites on the body.

(11) Emergency and nonemergency medical transportation.

(12) Medical supplies.

(13) Medical equipment, including, but not limited to, scales, gurneys, and equipment racks suitable for paralyzed patients.

(14) Utility use directly attributable to the requirements of home care activities which are in addition to normal utility use.

(15) Special drugs and medications.

(16) Home health agency supervision of visiting staff which is medically necessary, but not included in the home health agency rate.

(17) Therapy services.

(18) Household appliances and household utensil costs directly attributable to home care activities.

(19) Modification of medical equipment for home use.

(20) Training and orientation for use of life-support systems, including, but not limited to, support of respiratory functions.

(21) Respiratory care practitioner services as defined in Sections 3702 and 3703 of the Business and Professions Code, subject to prescription by a physician and surgeon.

Beneficiaries receiving in-home medical care services are entitled to the full range of services within the Medi-Cal scope of benefits as defined by this section, subject to medical necessity and applicable utilization control. Services provided pursuant to this subdivision, which are not otherwise included in the Medi-Cal schedule of benefits, shall be available only to the extent that federal financial participation for these

services is available in accordance with a home- and community-based services waiver.

(t) Home- and community-based services approved by the United States Department of Health and Human Services may be covered to the extent that federal financial participation is available for those services under waivers granted in accordance with Section 1396n of Title 42 of the United States Code. The director may seek waivers for any or all home- and community-based services approvable under Section 1396n of Title 42 of the United States Code. Coverage for those services shall be limited by the terms, conditions, and duration of the federal waivers.

(u) Comprehensive perinatal services, as provided through an agreement with a health care provider designated in Section 14134.5 and meeting the standards developed by the department pursuant to Section 14134.5, subject to utilization controls.

The department shall seek any federal waivers necessary to implement the provisions of this subdivision. The provisions for which appropriate federal waivers cannot be obtained shall not be implemented. Provisions for which waivers are obtained or for which waivers are not required shall be implemented notwithstanding any inability to obtain federal waivers for the other provisions. No provision of this subdivision shall be implemented unless matching funds from Subchapter XIX (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code are available.

(v) Early and periodic screening, diagnosis, and treatment for any individual under 21 years of age is covered, consistent with the requirements of Subchapter XIX (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.

(w) Hospice service which is Medicare-certified hospice service is covered, subject to utilization controls. Coverage shall be available only to the extent that no additional net program costs are incurred.

(x) When a claim for treatment provided to a beneficiary includes both services which are authorized and reimbursable under this chapter, and services which are not reimbursable under this chapter, that portion of the claim for the treatment and services authorized and reimbursable under this chapter shall be payable.

(y) Home- and community-based services approved by the United States Department of Health and Human Services for beneficiaries with a diagnosis of AIDS or ARC, who require intermediate care or a higher level of care.

Services provided pursuant to a waiver obtained from the Secretary of the United States Department of Health and Human Services pursuant to this subdivision, and which are not otherwise included in the Medi-Cal schedule of benefits, shall be available only to the extent that federal

financial participation for these services is available in accordance with the waiver, and subject to the terms, conditions, and duration of the waiver. These services shall be provided to individual beneficiaries in accordance with the client's needs as identified in the plan of care, and subject to medical necessity and applicable utilization control.

The director may under this section contract with organizations qualified to provide, directly or by subcontract, services provided for in this subdivision to eligible beneficiaries. Contracts or agreements entered into pursuant to this division shall not be subject to the Public Contract Code.

(z) Respiratory care when provided in organized health care systems as defined in Section 3701 of the Business and Professions Code, and as an in-home medical service as outlined in subdivision (s).

(aa) (1) There is hereby established in the department, a program to provide comprehensive clinical family planning services to any person who has a family income at or below 200 percent of the federal poverty level, as revised annually, and who is eligible to receive these services pursuant to the waiver identified in paragraph (2). This program shall be known as the Family Planning, Access, Care, and Treatment (Family PACT) Waiver Program.

(2) The department shall seek a waiver for a program to provide comprehensive clinical family planning services as described in paragraph (8). The program shall be operated only in accordance with the waiver and the statutes and regulations in paragraph (4) and subject to the terms, conditions, and duration of the waiver. The services shall be provided under the program only if the waiver is approved by the federal Centers for Medicare and Medicaid Services in accordance with Section 1396n of Title 42 of the United States Code and only to the extent that federal financial participation is available for the services.

(3) Solely for the purposes of the waiver and notwithstanding any other provision of law, the collection and use of an individual's social security number shall be necessary only to the extent required by federal law.

(4) Sections 14105.3 to 14105.39, inclusive, 14107.11, 24005, and 24013, and any regulations adopted under these statutes shall apply to the program provided for under this subdivision. No other provision of law under the Medi-Cal program or the State-Only Family Planning Program shall apply to the program provided for under this subdivision.

(5) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, without taking regulatory action, the provisions of the waiver after its approval by the federal Health Care Financing Administration and the provisions of this section by means of an

all-county letter or similar instruction to providers. Thereafter, the department shall adopt regulations to implement this section and the approved waiver in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. Beginning six months after the effective date of the act adding this subdivision, the department shall provide a status report to the Legislature on a semiannual basis until regulations have been adopted.

(6) In the event that the Department of Finance determines that the program operated under the authority of the waiver described in paragraph (2) is no longer cost-effective, this subdivision shall become inoperative on the first day of the first month following the issuance of a 30-day notification of that determination in writing by the Department of Finance to the chairperson in each house that considers appropriations, the chairpersons of the committees, and the appropriate subcommittees in each house that considers the State Budget, and the Chairperson of the Joint Legislative Budget Committee.

(7) If this subdivision ceases to be operative, all persons who have received or are eligible to receive comprehensive clinical family planning services pursuant to the waiver described in paragraph (2) shall receive family planning services under the Medi-Cal program pursuant to subdivision (n) if they are otherwise eligible for Medi-Cal with no share of cost, or shall receive comprehensive clinical family planning services under the program established in Division 24 (commencing with Section 24000) either if they are eligible for Medi-Cal with a share of cost or if they are otherwise eligible under Section 24003.

(8) For purposes of this subdivision, "comprehensive clinical family planning services" means the process of establishing objectives for the number and spacing of children, and selecting the means by which those objectives may be achieved. These means include a broad range of acceptable and effective methods and services to limit or enhance fertility, including contraceptive methods, federal Food and Drug Administration approved contraceptive drugs, devices, and supplies, natural family planning, abstinence methods, and basic, limited fertility management. Comprehensive clinical family planning services include, but are not limited to, preconception counseling, maternal and fetal health counseling, general reproductive health care, including diagnosis and treatment of infections and conditions, including cancer, that threaten reproductive capability, medical family planning treatment and procedures, including supplies and followup, and informational, counseling, and educational services. Comprehensive clinical family planning services shall not include abortion, pregnancy testing solely for the purposes of referral for abortion or services ancillary to abortions,

or pregnancy care that is not incident to the diagnosis of pregnancy. Comprehensive clinical family planning services shall be subject to utilization control and include all of the following:

(A) Family planning related services and male and female sterilization. Family planning services for men and women shall include emergency services and services for complications directly related to the contraceptive method, federal Food and Drug Administration approved contraceptive drugs, devices, and supplies, and followup, consultation, and referral services, as indicated, which may require treatment authorization requests.

(B) All United States Department of Agriculture, federal Food and Drug Administration approved contraceptive drugs, devices, and supplies that are in keeping with current standards of practice and from which the individual may choose.

(C) Culturally and linguistically appropriate health education and counseling services, including informed consent, that include all of the following:

(i) Psychosocial and medical aspects of contraception.

(ii) Sexuality.

(iii) Fertility.

(iv) Pregnancy.

(v) Parenthood.

(vi) Infertility.

(vii) Reproductive health care.

(viii) Preconception and nutrition counseling.

(ix) Prevention and treatment of sexually transmitted infection.

(x) Use of contraceptive methods, federal Food and Drug Administration approved contraceptive drugs, devices, and supplies.

(xi) Possible contraceptive consequences and followup.

(xii) Interpersonal communication and negotiation of relationships to assist individuals and couples in effective contraceptive method use and planning families.

(D) A comprehensive health history, updated at next periodic visit (between 11 and 24 months after initial examination) that includes a complete obstetrical history, gynecological history, contraceptive history, personal medical history, health risk factors, and family health history, including genetic or hereditary conditions.

(E) A complete physical examination on initial and subsequent periodic visits.

(ab) Purchase of prescribed enteral formulae is covered, subject to the Medi-Cal list of enteral formulae and utilization controls.

(ac) Diabetic testing supplies are covered when provided by a pharmacy, subject to utilization controls.

SEC. 27.1. Section 14133.23 is added to the Welfare and Institutions Code, to read:

14133.23. (a) To the extent that federal financial participation is not available, the provision of drug benefits under this chapter to full-benefit dual eligible beneficiaries who are eligible for drug benefits under Part D of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-101 et seq.) or under a Medicare Advantage-Prescription Drug plan (MA-PD plan) under Part C of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-21 et seq.), is eliminated, except as otherwise provided under this section.

(b) (1) Notwithstanding any other provision of law, only drug benefits for which federal financial participation is available shall be provided under this chapter to a full-benefit dual eligible beneficiary, except as otherwise provided under subdivision (c).

(2) As a benefit under this chapter, the department, subject to the approval of the Department of Finance and only to the extent that federal financial participation is available, may elect to provide a drug or drugs in a class of drugs not covered under Part D of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-101 et seq.) or under a MA-PD plan under Part C of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-21 et seq.) to full-benefit dual eligible beneficiaries.

(3) As a benefit under this chapter, and only to the extent that federal financial participation is available, the department shall provide a drug or drugs to full-benefit dual eligible beneficiaries who are otherwise eligible to receive the drug or drugs due to their entitlement under Title 42 United States Code, Chapter 7, Title XVIII, Part A or their enrollment under Title 42 United States Code, Chapter 7, Title XVIII, Part B.

(4) Except as provided under paragraph (3) and subdivision (c), nothing in this section shall be interpreted to require the department to provide any drug or drugs not covered under Part D of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-101 et seq.) or under a MA-PD plan under Part C of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-21 et seq.) if federal financial participation is not available.

(c) (1) The department shall review the drug formularies of prescription drug plans under Part D of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-101 et seq.) or MA-PD plans under Part C of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-21 et seq.) available to full-benefit dual eligible beneficiaries.

(2) The department shall develop a process that would allow the department to provide to a full-benefit dual eligible beneficiary, on an emergency basis only, coverage for a drug or drugs not included on the full-benefit dual eligible beneficiary's prescription drug plan's formulary

or by prior authorization under Part D of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-101 et seq.) or MA-PD plans under Part C of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-21 et seq.) for which federal financial participation is not available.

(3) Only to the extent that the Legislature made a specific appropriation to fund the provision of emergency drug benefits for which federal financial participation is not available to full-benefit dual eligible beneficiaries, the department shall provide, through the process described in paragraph (2), these emergency drug benefits to a full-benefit dual eligible beneficiary only when all of the following conditions are met:

(A) The drug is not available to the full-benefit dual eligible beneficiary under his or her plan's drug formulary or by prior authorization.

(B) The pharmacist provides or dispenses the drug as an emergency service.

(C) The quantity of the drug provided or dispensed in no greater than a 60-day supply.

(D) The pharmacist has not previously provided or dispensed nor has knowledge that another pharmacist has provided or dispensed the same drug for that full-benefit dual eligible beneficiary on or after January 1, 2006.

(E) The date of service is from January 1, 2006 through December 31, 2006, inclusive.

(4) The department may impose a pre- or post- service prepayment or postpayment review or audit, to review the medical necessity of emergency services provided to full-benefit dual eligible beneficiaries.

(d) The department shall seek approval of any amendments to the state plan necessary to implement this section as required by Title XIX of the Social Security Act (42 U.S.C. Sec. 1396 et seq.).

(e) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret or make specific this section by means of all county letters, provider bulletins, or similar instructions. Thereafter, the department may adopt regulations in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(f) For the purposes of this section, a "full-benefit dual eligible beneficiary" means an individual who meets both of the following criteria:

(1) The beneficiary is eligible or would be eligible for coverage for the month for covered Part D drugs under a prescription drug plan under Part D of Title XVIII of the Social Security Act (42 U.S.C. Sec.

1395w-101 et seq.) or under a MA-PD plan under Part C of Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395w-21 et seq.).

(2) Notwithstanding any other provision of this section, the beneficiary is determined eligible for full scope services, including drug benefits, for which federal financial participation is available.

(g) Subdivisions (a) and (b) and paragraph (3) of subdivision (c) shall become operative on January 1, 2006.

SEC. 28. Section 14154 of the Welfare and Institutions Code is amended to read:

14154. (a) The department shall establish and maintain a plan whereby costs for county administration of the determination of eligibility for benefits under this chapter will be effectively controlled within the amounts annually appropriated for that administration. The plan, to be known as the County Administrative Cost Control Plan, shall establish standards and performance criteria, including workload, productivity, and support services standards, to which counties shall adhere. The plan shall include standards for controlling eligibility determination costs that are incurred by performing eligibility determinations at county hospitals, or that are incurred due to the outstationing of any other eligibility function. Except as provided in Section 14154.15, reimbursement to a county for outstationed eligibility functions shall be based solely on productivity standards applied to that county's welfare department office. The plan shall be part of a single state plan, jointly developed by the department and the State Department of Social Services, in conjunction with the counties, for administrative cost control for the California Work Opportunity and Responsibility to Kids (CalWORKs), Food Stamp, and Medical Assistance (Medi-Cal) programs. Allocations shall be made to each county and shall be limited by and determined based upon the County Administrative Cost Control Plan. In administering the plan to control county administrative costs, the department shall not allocate state funds to cover county cost overruns that result from county failure to meet requirements of the plan. The department and the State Department of Social Services shall budget, administer, and allocate state funds for county administration in a uniform and consistent manner.

(b) Nothing in this section, Section 15204.5, or Section 18906 shall be construed so as to limit the administrative or budgetary responsibilities of the department in a manner that would violate Section 14100.1, and thereby jeopardize federal financial participation under the Medi-Cal program.

(c) The department is responsible for the Medi-Cal program in accordance with state and federal law. A county shall determine Medi-Cal eligibility in accordance with state and federal law. If in the course of its duties the department becomes aware of accuracy problems in any

county, the department shall, within available resources, provide training and technical assistance as appropriate. Nothing in this section shall be interpreted to eliminate any remedy otherwise available to the department to enforce accurate county administration of the program. In administering the Medi-Cal eligibility process, each county shall meet the following performance standards each fiscal year:

(1) Complete eligibility determinations as follows:

(A) Ninety percent of the general applications without applicant errors and are complete shall be completed within 45 days.

(B) Ninety percent of the applications for Medi-Cal based on disability shall be completed within 90 days, excluding delays by the state.

(2) (A) The department shall establish best-practice guidelines for expedited enrollment of newborns into the Medi-Cal program, preferably with the goal of enrolling newborns within 10 days after the county is informed of the birth. The department, in consultation with counties and other stakeholders, shall work to develop a process for expediting enrollment for all newborns, including those born to mothers receiving CalWORKs assistance.

(B) Upon the development and implementation of the best-practice guidelines and expedited processes, the department and the counties may develop an expedited enrollment timeframe for newborns that is separate from the standards for all other applications, to the extent that the timeframe is consistent with these guidelines and processes.

(C) Notwithstanding the rulemaking procedures of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement this section by means of all-county letters or similar instructions, without further regulatory action.

(3) Perform timely annual redeterminations, as follows:

(A) Ninety percent of the annual redetermination forms shall be mailed to the recipient by the anniversary date.

(B) Ninety percent of the annual redeterminations shall be completed within 60 days of the recipient's annual redetermination date for those redeterminations based on forms that are complete and have been returned to the county by the recipient in a timely manner.

(C) Ninety percent of those annual redeterminations where the redetermination form has not been returned to the county by the recipient shall be completed by sending a notice of action to the recipient within 45 days after the date the form was due to the county.

(D) When a child is determined by the county to change from no share of cost to a share of cost and the child meets the eligibility criteria for the Healthy Families Program established under Section 12693.98 of the Insurance Code, the child shall be placed in the Medi-Cal-to-Healthy

Families Bridge Benefits Program, and these cases shall be processed as follows:

(i) Ninety percent of the families of these children shall be sent a notice informing them of the Healthy Families Program within five working days from the determination of a share of cost.

(ii) Ninety percent of all annual redetermination forms for these children shall be sent to the Healthy Families Program within five working days from the determination of a share of cost if the parent has given consent to send this information to the Healthy Families Program.

(iii) Ninety percent of the families of these children placed in the Medi-Cal-to-Healthy Families Bridge Benefits Program who have not consented to sending the child's annual redetermination form to the Healthy Families Program shall be sent a request, within five working days of the determination of a share of cost, to consent to send the information to the Healthy Families Program.

(E) Subparagraph (D) shall not be implemented until 60 days after the Medi-Cal and Joint Medi-Cal and Healthy Families applications and the Medi-Cal redetermination forms are revised to allow the parent of a child to consent to forward the child's information to the Healthy Families Program.

(d) The department shall develop procedures in collaboration with the counties and stakeholder groups for determining county review cycles, sampling methodology and procedures, and data reporting.

(e) On January 1 of each year, each applicable county, as determined by the department, shall report to the department on the county's results in meeting the performance standards specified in this section. The report shall be subject to verification by the department. County reports shall be provided to the public upon written request.

(f) If the department finds that a county is not in compliance with one or more of the standards set forth in this section, the county shall, within 60 days, submit a corrective action plan to the department for approval. The corrective action plan shall, at a minimum, include steps that the county shall take to improve its performance on the standard of standards with which the county is out of compliance. The plan shall establish interim benchmarks for improvement that shall be expected to be met by the county in order to avoid a sanction.

(g) If a county does not meet the performance standards for completing eligibility determinations and redeterminations as specified in this section, the department may, at its sole discretion, reduce the allocation of funds to that county in the following year by 2 percent. Any funds so reduced may be restored by the department if, in the determination of the department, sufficient improvement has been made by the county in meeting the performance standards during the year for which the funds

were reduced. If the county continues not to meet the performance standards, the department may reduce the allocation by an additional 2 percent for each year thereafter in which sufficient improvement has not been made to meet the performance standards.

(h) The department shall develop procedures, in collaboration with the counties and stakeholders, for developing instructions for the performance standards established under subparagraph (D) of paragraph (3) of subdivision (c), no later than September 1, 2005.

(i) No later than September 1, 2005, the department shall issue a revised annual redetermination form to allow a parent to indicate parental consent to forward the annual redetermination form to the Healthy Families Program if the child is determined to have a share of cost.

(j) The department, in coordination with the Managed Risk Medical Insurance Board, shall streamline the method of providing the Healthy Families Program with information necessary to determine Healthy Families eligibility for a child who is receiving services under the Medi-Cal-to-Healthy Families Bridge Benefits Program.

SEC. 29. Section 14495.10 of the Welfare and Institutions Code is amended to read:

14495.10. (a) The department shall establish a pilot program to provide continuous skilled nursing care as a benefit of the Medi-Cal program, when those services are provided in accordance with an approved federal waiver meeting the requirements of subdivision (b). "Continuous skilled nursing care" means medically necessary care provided by, or under the supervision of, a registered nurse within his or her scope of practice, seven days a week, 24 hours per day, in a health facility participating in the pilot program. This care shall include a minimum of eight hours per day provided by or under the direct supervision of a registered nurse. Each health facility providing continuous skilled nursing care in the pilot program shall have a minimum of one registered nurse or one licensed vocational nurse awake and in the facility at all times.

(b) The department shall submit to the federal Centers for Medicare and Medicaid Services, no later than April 1, 2000, a federal waiver request developed in consultation with the State Department of Developmental Services and the Association of Regional Center Agencies, pursuant to Section 1915(b) of the federal Social Security Act to provide continuous skilled nursing care services under the pilot program.

(c) (1) The pilot program shall be conducted to explore more flexible models of health facility licensure to provide continuous skilled nursing care to developmentally disabled individuals in the least restrictive health facility setting, and to evaluate the effect of the pilot program on the

health, safety, and quality of life of individuals, and the cost-effectiveness of this care. The evaluation shall include a review of the pilot program by an independent agency.

(2) Participation in the pilot program shall include 10 health facilities provided that the facilities meet all eligibility requirements. The facilities shall be approved by the department, in consultation with the State Department of Developmental Services and the appropriate regional center agencies, and shall meet the requirements of subdivision (e). Priority shall be given to facilities with four to six beds, to the extent those facilities meet all other eligibility requirements.

(d) Under the pilot program established in this section, a developmentally disabled individual is eligible to receive continuous skilled nursing care if all of the following conditions are met:

(1) The developmentally disabled individual meets the criteria as specified in the federal waiver.

(2) The developmentally disabled individual resides in a health facility that meets the provider participation criteria as specified in the federal waiver.

(3) The continuous skilled nursing care services are provided in accordance with the federal waiver.

(4) The continuous skilled nursing care services provided to the developmentally disabled individual do not result in costs that exceed the fiscal limit established in the federal waiver.

(e) A health facility seeking to participate in the pilot program shall provide care for developmentally disabled individuals who require the availability of continuous skilled nursing care, in accordance with the terms of the pilot program. During participation in the pilot program, the health facility shall comply with all the terms and conditions of the federal waiver described in subdivision (b), and shall not be subject to licensure or inspection under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code. Upon termination of the pilot program and verification of compliance with Section 1265 of the Health and Safety Code, the department shall immediately reinstate the participating health facility's previous license for the balance of time remaining on the license when the health facility began participation in the pilot program.

(f) The department shall implement this pilot program only to the extent it can demonstrate fiscal neutrality, as required under the terms of the federal waiver, and only if the department has obtained the necessary approvals to implement the pilot program and receives federal financial participation from the federal Centers for Medicare and Medicaid Services.

(g) In implementing this article, the department may enter into contracts for the provision of essential administration and other services. Contracts entered into under this section may be on a noncompetitive bid basis and shall be exempt from the requirements of Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code.

(h) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that becomes effective on or before January 1, 2008, deletes or extends that date.

SEC. 30. Section 16809 of the Welfare and Institutions Code, as amended by Section 27 of Chapter 228 of the Statutes of 2004, is amended to read:

16809. (a) (1) The board of supervisors of a county that contracted with the department pursuant to Section 16709 during the 1990-91 fiscal year and any county with a population under 300,000, as determined in accordance with the 1990 decennial census, by adopting a resolution to that effect, may elect to participate in the County Medical Services Program. The County Medical Services Program shall have responsibilities for specified health services to county residents certified eligible for those services by the county.

(2) If the County Medical Services Program Governing Board contracts with the department to administer the County Medical Services Program, that contract shall include, but need not be limited to, all of the following:

(A) Provisions for the payment to participating counties for making eligibility determinations based on the formula used by the County Medical Services Program for the 1993-94 fiscal year.

(B) Provisions for payment of expenses of the County Medical Services Program Governing Board.

(C) Provisions relating to the flow of funds from counties' vehicle license fees, sales taxes, and participation fees and the procedures to be followed if a county does not pay those funds to the program.

(D) Those provisions, as applicable, contained in the 1993-94 fiscal year contract with counties under the County Medical Services Program.

(3) The contract between the department and the County Medical Services Program Governing Board shall require that the County Medical Services Program Governing Board shall reimburse three million five hundred thousand dollars ($3,500,000) for the state costs of providing administrative support to the County Medical Services Program. The department may decline to implement decisions made by the governing board that would require a greater level of administrative support than that for the 1993-94 fiscal year. The department may implement decisions

upon compensation by the governing board to cover that increased level of support.

(4) The contract between the department and the County Medical Services Program Governing Board may include provisions for the administration of a pharmacy benefit program and, pursuant to these provisions, the department may negotiate, on behalf of the County Medical Services Program, rebates from manufacturers that agree to participate. The governing board shall reimburse the department for staff costs associated with this paragraph.

(5) The department shall administer the County Medical Services Program pursuant to the provisions of the 1993-94 fiscal year contract with the counties and regulations relating to the administration of the program until the County Medical Services Program Governing Board executes a contract for the administration of the County Medical Services Program and adopts regulations for that purpose.

(6) The department shall not be liable for any costs related to decisions of the County Medical Services Program Governing Board that are in excess of those set forth in the contract between the department and the County Medical Services Program Governing Board.

(b) Each county intending to participate in the County Medical Services Program pursuant to this section shall submit to the Governing Board of the County Medical Services Program a notice of intent to contract adopted by the board of supervisors no later than April 1 of the fiscal year preceding the fiscal year in which the county will participate in the County Medical Services Program.

(c) A county participating in the County Medical Services Program pursuant to this section shall not be relieved of its indigent health care obligation under Section 17000.

(d) (1) The County Medical Services Program Account is established in the County Health Services Fund. The County Medical Services Program Account is continuously appropriated, notwithstanding Section 13340 of the Government Code, without regard to fiscal years. The following amounts may be deposited in the account:

(A) Any interest earned upon money deposited in the account.

(B) Moneys provided by participating counties or appropriated by the Legislature to the account.

(C) Moneys loaned pursuant to subdivision (q).

(2) The methods and procedures used to deposit funds into the account shall be consistent with the methods used by the program during the 1993-94 fiscal year.

(e) Moneys in the program account shall be used by the department, pursuant to its contract with the County Medical Services Program Governing Board, to pay for health care services provided to the persons

meeting the eligibility criteria established pursuant to subdivision (j) and to pay for the expense of the governing board as set forth in the contract between the board and the department. In addition, moneys in this account may be used to reimburse the department for state costs pursuant to paragraph (3) of subdivision (a).

(f) (1) Moneys in this account shall be administered on an accrual basis and notwithstanding any other provision of law, except as provided in this section, shall not be transferred to any other fund or account in the State Treasury except for purposes of investment as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code.

(2) (A) All interest or other increment resulting from the investment shall be deposited in the program account, at the end of the 1982-83 fiscal year and every six months thereafter, notwithstanding Section 16305.7 of the Government Code.

(B) All interest deposited pursuant to subparagraph (A) shall be available to reimburse program-covered services, County Medical Services Program Governing Board expenses, or for expenditures to augment the program's rates, benefits, or eligibility criteria pursuant to subdivision (j).

(g) A separate County Medical Services Program Reserve Account is established in the County Health Services Fund. Six months after the end of each fiscal year, any projected savings in the program account shall be transferred to the reserve account, with final settlement occurring no more than 12 months later. Moneys in this account shall be utilized when expenditures for health services made pursuant to subdivision (j) for a fiscal year exceed the amount of funds available in the program account for that fiscal year. When funds in the reserve account are estimated to exceed 10 percent of the budget for health services for all counties electing to participate in the County Medical Services Program under this section for the fiscal year, the additional funds shall be available for expenditure to augment the rates, benefits, or eligibility criteria pursuant to subdivision (j) or for reducing the participation fees as determined by the County Medical Services Program Governing Board pursuant to subdivision (i). Nothing in this section shall preclude the CMSP Governing Board from establishing other reserves.

(h) Moneys in the program account and the reserve account, except for moneys provided by the state in excess of the amount required to fund the state risk specified in subdivision (j), and any funds loaned pursuant to subdivision (q) shall not be transferred to any other fund or account in the State Treasury except for purposes of investment as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code. All interest

or other increment resulting from investment shall be deposited in the program account, notwithstanding Section 16705.7 of the Government Code.

(i) (1) Counties shall pay participation fees as established by the County Medical Services Program Governing Board and their jurisdictional risk amount in a method that is consistent with that established in the 1993-94 fiscal year.

(2) A county may request, due to financial hardship, the payments under paragraph (1) be delayed. The request shall be subject to approval by the CMSP Governing Board.

(3) Payments made pursuant to this subdivision shall be deposited in the program account.

(4) Payments may be made as part of the deposits authorized by the county pursuant to Sections 17603.05 and 17604.05.

(j) (1) (A) For the 1991-92 fiscal year and all preceding fiscal years, the state shall be at risk for any costs in excess of the amounts deposited in the reserve fund.

(B) (i) Beginning in the 1992-93 fiscal year and for each fiscal year thereafter, counties and the state shall share the risk for cost increases of the County Medical Services Program not funded through other sources. The state shall be at risk for any cost that exceeds the cumulative annual growth in dedicated sales tax and vehicle license fee revenue, up to the amount of twenty million two hundred thirty-seven thousand four hundred sixty dollars ($20,237,460) per fiscal year, except for the 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, and 2005-06 fiscal years. Counties shall be at risk up to the cumulative annual growth in the Local Revenue Fund created by Section 17600, according to the table specified in paragraph (2), to the County Medical Services Program, plus the additional cost increases in excess of twenty million two hundred thirty-seven thousand four hundred sixty dollars ($20,237,460) per fiscal year, except for the 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, and 2005-06 fiscal years. In the 1994-95 fiscal year, the amount of the state risk shall be twenty million two hundred thirty-seven thousand four hundred sixty dollars ($20,237,460) per fiscal year, in addition to the cost of administrative support pursuant to paragraph (3) of subdivision (a).

(ii) For the 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, and 2005-06 fiscal years, the state shall not be at risk for any cost that exceeds the cumulative annual growth in dedicated sales tax and vehicle license fee revenue. Counties shall be at risk up to the cumulative annual growth in the Local Revenue Fund created by Section 17600, according to the table specified in paragraph (2), to the County Medical Services

Program, plus any additional cost increases for the 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, and 2005-06 fiscal years.

(C) The CMSP Governing Board, after consultation with the department, shall establish uniform eligibility criteria and benefits for the County Medical Services Program.

(2) For the 1991-92 fiscal year, jurisdictional risk limitations shall be as follows:

Jurisdiction	Amount
Alpine	$ 13,150
Amador	620,264
Butte	5,950,593
Calaveras	913,959
Colusa	799,988
Del Norte	781,358
El Dorado	3,535,288
Glenn	787,933
Humboldt	6,883,182
Imperial	6,394,422
Inyo	1,100,257
Kings	2,832,833
Lassen	687,113
Madera	2,882,147
Marin	7,725,909
Mariposa	435,062
Modoc	469,034
Mono	369,309
Napa	3,062,967
Nevada	1,860,793
Plumas	905,192
San Benito	1,086,011
Shasta	5,361,013
Sierra	135,888
Siskiyou	1,372,034
Solano	6,871,127
Sonoma	13,183,359
Sutter	2,996,118
Tehama	1,912,299
Trinity	611,497
Tuolumne	1,455,320
Yuba	2,395,580

(3) Beginning in the 1991-92 fiscal year and in subsequent fiscal years, the jurisdictional risk limitation for the counties that did not contract with the department pursuant to Section 16709 during the 1990-91 fiscal year shall be the amount specified in paragraph (A) plus the amount determined pursuant to paragraph (B), minus the amount specified by the County Medical Services Program Governing Board as participation fees.

(A)

Jurisdiction	Amount
Lake	$1,022,963
Mendocino	1,654,999
Merced	2,033,729
Placer	1,338,330
San Luis Obispo	2,000,491
Santa Cruz	3,037,783
Yolo	1,475,620

(B) The amount of funds necessary to fully fund the anticipated costs for the county shall be determined by the CMSP Governing Board before a county is permitted to participate in the County Medical Services Program.

(4) For the 1994-95 and 1995-96 fiscal years, the specific amounts and method of apportioning risk to each participating county may be adjusted by the CMSP Governing Board.

(k) The Legislature hereby determines that an expedited contract process for contracts under this section is necessary. Contracts under this section shall be exempt from Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code. Contracts of the department pursuant to this section shall have no force or effect unless they are approved by the Department of Finance.

(*l*) The state shall not incur any liability except as specified in this section.

(m) Third-party recoveries for services provided under this section pursuant to Article 3.5 (commencing with Section 14124.70) of Chapter 7 of Part 3 may be pursued.

(n) Under the program provided for in this section, the department may reimburse hospitals for inpatient services at the rates negotiated for the Medi-Cal program by the California Medical Assistance Commission, pursuant to Article 2.6 (commencing with Section 14081) of Chapter 7 of Part 3, if the California Medical Assistance Commission determines that reimbursement to the hospital at the contracted rate will not have a detrimental fiscal impact on either the Medi-Cal program or the program

provided for in this section. In negotiating and renegotiating contracts with hospitals, the commission may seek terms which allow reimbursement for patients receiving services under this section at contracted Medi-Cal rates.

(o) Any hospital which has a contract with the state for inpatient services under the Medi-Cal program and which has been approved by the commission to be reimbursed for patients receiving services under this section shall not deny services to these patients.

(p) Participating counties may conduct an independent program review to identify ways through which program savings may be generated. The counties and the department may collectively pursue identified options for the realization of program savings.

(q) The Department of Finance may authorize a loan of up to thirty million dollars ($30,000,000) for deposit into the program account to ensure that there are sufficient funds available to reimburse providers and counties pursuant to this section.

(r) Regulations adopted by the department pursuant to this section shall remain operative and shall be used to operate the County Medical Services Program until a contract with the County Medical Services Program Governing Board is executed and regulations, as appropriate, are adopted by the County Medical Services Program Governing Board. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, those regulations adopted under the County Medical Services Program shall become inoperative until January 1, 1998, except those regulations that the department, in consultation with the County Medical Services Program Governing Board, determines are needed to continue to administer the County Medical Services Program. The department shall notify the Office of Administrative Law as to those regulations the department will continue to use in the implementation of the County Medical Services Program.

(s) Moneys appropriated from the General Fund to meet the state risk as set forth in subparagraph (B) of paragraph (1) of subdivision (j) shall not be available for those counties electing to disenroll from the County Medical Services Program.

(t) 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 on or before January 1, 2008, deletes or extends that date.

SEC. 31. Section 16809 of the Welfare and Institutions Code, as amended by Section 28 of Chapter 228 of the Statutes of 2004, is amended to read:

16809. (a) The board of supervisors of a county that contracted with the department pursuant to Section 16709 during the 1990-91 fiscal year

and any county with a population under 300,000, as determined in accordance with the 1990 decennial census, may enter into a contract with the department and the department may enter into a contract with that county under which the department agrees to administer the program responsibilities for specified health services to county residents certified eligible for those services by the county.

(b) Each county intending to contract with the department pursuant to this section shall submit to the department a notice of intent to contract adopted by the board of supervisors no later than April 1 of the fiscal year preceding the fiscal year for which the agreement will be in effect in accordance with procedures established by the department.

(c) A county contracting with the department pursuant to this section shall not be relieved of its indigent health care obligation under Section 17000.

(d) The department shall establish the County Medical Services Program Account in the County Health Services Fund. The County Medical Services Program Account is continuously appropriated, notwithstanding Section 13340 of the Government Code, without regard to fiscal years. The following amounts may be deposited in the account:

(1) Any interest earned upon money deposited in the account.

(2) Moneys provided by participating counties or appropriated by the Legislature to the account.

(3) Moneys loaned pursuant to subdivision (q).

(e) Moneys in the program account shall be used by the department to pay for health care services provided to the persons meeting the eligibility criteria established pursuant to subdivision (j).

(f) (1) Moneys in this account shall be administered on an accrual basis and notwithstanding any other provision of law, except as provided in this section, shall not be transferred to any other fund or account in the State Treasury except for purposes of investment as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code.

(2) (A) All interest or other increment resulting from the investment shall be deposited in the program account, at the end of the 1982-83 fiscal year and every six months thereafter, notwithstanding Section 16305.7 of the Government Code.

(B) All interest deposited pursuant to subparagraph (A) shall be available to reimburse program-covered services, or for expenditures to augment the program's rates, benefits, or eligibility criteria pursuant to subdivision (j).

(g) The department shall establish a separate County Medical Services Program Reserve Account in the County Health Services Fund. Six months after the end of each fiscal year, any projected savings in the

program account shall be transferred to the reserve account, with final settlement occurring no more than 12 months later. Moneys in this account shall be utilized when expenditures for health services made pursuant to subdivision (j) for a fiscal year exceed the amount of funds available in the program account for that fiscal year. When funds in the reserve account are estimated to exceed 10 percent of the budget for health services for all counties electing to contract with the department under this section for the fiscal year, the additional funds shall be available for expenditure to augment the rates, benefits, or eligibility criteria pursuant to subdivision (j) or for reducing the participation fees required by Section 16809.3.

(h) Moneys in the program account and the reserve account, except for moneys provided by the state in excess of the amount required to fund the state risk specified in subdivision (j), and any funds loaned pursuant to subdivision (q), shall not be transferred to any other fund or account in the State Treasury except for purposes of investment as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code. All interest or other increment resulting from investment shall be deposited in the program account, notwithstanding Section 16705.7 of the Government Code.

(i) (1) Counties shall pay by the 15th of each month the agreed-upon contract amount. In the event a county does not make the agreed-upon monthly payment, the department may terminate the county's participation in the program.

(2) A county may request, due to financial hardship, the payments under paragraph (1) be delayed. The request shall be subject to approval by the Small County Advisory Committee.

(3) Payments made pursuant to this subdivision shall be deposited in the program account.

(4) Payments may be made as part of the deposits authorized by the county pursuant to Sections 17603.05 and 17604.05.

(j) (1) (A) For the 1991-92 fiscal year and all preceding fiscal years, the state shall be at risk for any costs in excess of the amounts deposited in the reserve fund.

(B) Beginning in the 1992-93 fiscal year and for each fiscal year thereafter, counties and the state shall share the risk for cost increases of the County Medical Services Program not funded through other sources. The state shall be at risk for any cost that exceeds the cumulative annual growth in dedicated sales tax and vehicle license fee revenue, up to the amount of twenty million two hundred thirty-seven thousand four hundred sixty dollars ($20,237,460) per fiscal year, except for the 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, and 2005-06

fiscal years. Counties shall be at risk up to the cumulative annual growth in the Local Revenue Fund created by Section 17600 according to the table specified in paragraph (2) to the County Medical Services Program, plus additional cost increases in excess of twenty million two hundred thirty-seven thousand four hundred sixty dollars ($20,237,460) per fiscal year.

(C) As a condition of the state assuming this risk, the department may require uniform eligibility criteria and benefits to be provided which shall be mutually established by participating counties in conjunction with the department. The County Medical Services Program Governing Board may revise these eligibility criteria and benefits or alter rates of payment in order to assure that expenditures do not exceed the funds available in the program account.

(2) For the 1991-92 fiscal year, jurisdictional risk limitations shall be as follows:

Jurisdiction	Amount
Alpine	$ 13,150
Amador	620,264
Butte	5,950,593
Calaveras	913,959
Colusa	799,988
Del Norte	781,358
El Dorado	3,535,288
Glenn	787,933
Humboldt	6,883,182
Imperial	6,394,422
Inyo	1,100,257
Kings	2,832,833
Lassen	687,113
Madera	2,882,147
Marin	7,725,909
Mariposa	435,062
Modoc	469,034
Mono	369,309
Napa	3,062,967
Nevada	1,860,793
Plumas	905,192
San Benito	1,086,011
Shasta	5,361,013
Sierra	135,888
Siskiyou	1,372,034
Solano	6,871,127

Sonoma	13,183,359
Sutter	2,996,118
Tehama	1,912,299
Trinity	611,497
Tuolumne	1,455,320
Yuba	2,395,580

(3) Beginning in the 1991-92 fiscal year and in subsequent fiscal years, the jurisdictional risk limitation for the counties that did not contract with the department pursuant to Section 16709 during the 1990-91 fiscal year shall be the amount specified in paragraph (A) plus the amount determined pursuant to paragraph (B), minus the amount specified in Section 16809.3.

(A)

Jurisdiction	Amount
Lake	1,022,963
Mendocino	1,654,999
Merced	2,033,729
Placer	1,338,330
San Luis Obispo	2,000,491
Santa Cruz	3,037,783
Yolo	1,475,620

(B) The amount of funds necessary to fully fund the anticipated costs for the county shall be determined by the department. This amount shall be subject to the approval of both the Department of Finance and the Small County Advisory Committee before a county is permitted to contract back with the department.

(4) For the 1992-93 fiscal year and fiscal years thereafter, the amounts of the jurisdictional risk limitations shall be adjusted according to the provisions of paragraph (2).

(k) The Legislature hereby determines that an expedited contract process for contracts under this section is necessary. Contracts under this section shall be exempt from the provisions of Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code. Contracts shall have no force and effect unless approved by the Department of Finance.

(*l*) The state shall not incur any liability except as specified in this section.

(m) The department may pursue third-party recoveries for services provided under this section pursuant to Article 3.5 (commencing with Section 14124.70) of Chapter 7 of Part 3.

(n) Under the program provided for in this section, the department shall reimburse hospitals for inpatient services at the rates negotiated for the Medi-Cal program by the California Medical Assistance Commission, pursuant to Article 2.6 (commencing with Section 14081) of Chapter 7 of Part 3, if the California Medical Assistance Commission determines that reimbursement to the hospital at the contracted rate will not have a detrimental fiscal impact on either the Medi-Cal program or the program provided for in this section. In negotiating and renegotiating contracts with hospitals, the commission may seek terms which allow reimbursement for patients receiving services under this section at contracted Medi-Cal rates.

(o) Any hospital which has a contract with the state for inpatient services under the Medi-Cal program and which has been approved by the commission to be reimbursed for patients receiving services under this section shall not deny services to these patients.

(p) Participating counties may conduct an independent program review to identify ways through which program savings may be generated. The counties and the department shall collectively pursue identified options for the realization of program savings.

(q) The Department of Finance may authorize a loan of up to thirty million dollars ($30,000,000) for deposit into the program account to ensure that there are sufficient funds available to reimburse providers and counties pursuant to this section.

(r) This section shall become operative January 1, 2008.

SEC. 32. The Managed Risk Medical Insurance Board may adopt regulations to implement Sections 3, 4, and 5 to 11, inclusive, of this act. The adoption, amendment, repeal, or readoption of a regulation authorized by this section is deemed to be necessary for the immediate preservation of the public peace, health and safety, or general welfare, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the Managed Risk Medical Insurance Board is hereby exempted from the requirement that it describe specific facts showing the need for immediate action. For purposes of subdivision (e) of Section 11346.1 of the Government Code, the 120-day period, as applicable to the effective period of an emergency regulatory action and submission of specified materials to the Office of Administrative Law, is hereby extended to 180 days.

SEC. 33. (a) At the time of the release of the January 10 budget plan and the May Revision, the Director of Mental Health shall submit to the Legislature information regarding the projected expenditure of Proposition 63 funding for each state department, and for each major program category specified in the measure, for local assistance. This shall include actual past-year expenditures, estimated current-year

expenditures, estimated current-year expenditures, and projected budget-year expenditures of local assistance funding.

(b) During each fiscal year, the Director of Mental Health shall submit to the fiscal committees of the Legislature, 30 days in advance, written notice of the intention to expend Proposition 63 local assistance funding in excess of the amounts presented in its May Revision projection for that fiscal year. The written notice shall include information regarding the amount of the additional spending and its purpose.

SEC. 34. The State Department of Health Services shall provide the fiscal and policy committees of the Legislature with quarterly updates, commencing January 1, 2006, regarding core activities to improve the Medi-Cal Managed Care Program and to expand to the 13 new counties, as directed by the Budget Act of 2005. The quarterly updates shall include key milestones and objectives of progress regarding changes to the existing program, submittal of state plan amendments to the federal Centers for Medicare and Medicaid Services, submittal of any federal waiver documents, and applicable key functions related to the Medi-Cal Managed Care expansion effort.

SEC. 35. (a) The State Department of Health Services shall coordinate its federal bioterrorism activities, as applicable, with the California Office of Binational Border Health, as the single point of coordination on border health activities.

(b) These activities shall, at a minimum, include all of the following:

(1) Surveillance for the spread of infectious disease.

(2) Monitoring for environmental health safety issues related to food safety and air and water quality.

(3) Responding to any potential bioterrorism threat.

SEC. 36. (a) The State Department of Developmental Services shall include explicit language in its contracts with regional center agencies to require each regional center to use funds allocated in the Budget Act of 2005 for complying with Medicaid Home and Community-Based Services Waiver requirements solely for the specific purposes budgeted for the 2005-06 fiscal year and each fiscal year thereafter.

(b) The State Department of Developmental Services may take any disciplinary action necessary in the event a regional center expends these allocated funds for any other purpose than for complying with the requirements of the Home and Community-Based Waiver.

(c) By October 31, 2005, each regional center shall report to the State Department of Developmental Services on the Regional Center's average service coordinator-to-consumer caseload ratio for all consumers enrolled in the Home and Community-Based Services Waiver. This report shall be in addition to the caseload reporting required pursuant to subdivision (e) of Section 4640.6 of the Welfare and Institutions Code.

SEC. 37. On an annual basis, the State Department of Health Services and the California Medical Assistance Commission shall provide fiscal information to the Joint Legislative Audit Committee and the Joint Legislative Budget Committee on the funds provided to the contract hospitals participating in the Medi-Cal program, and the health plans participating in the Medi-Cal Managed Care Program, for implementation of nurse-to-patient ratios.

SEC. 38. By July 1, 2009, the State Department of Health Services shall provide the Legislature with data comparing the University of California, Davis (UC Davis), baseline study of nurse staffing levels released in May 2002 to staffing of registered nurse and other licensed nurse staffing subsequent to the full implementation of the licensed nurse-to-patient ratios on January 1, 2008, in accordance with the UC Davis study. The 2008 study shall be a stratified probability sample of California acute care hospitals at the nursing unit level.

SEC. 39. Notwithstanding Section 12739 of the Insurance Code, on a one-time basis for the 2005-06 budget year, upon order of the Director of Finance, the controller shall reduce the amounts to be deposited in the Major Risk Medical Insurance Fund as follows:

(a) A three million one hundred seven thousand dollar ($3,107,000) reduction from the Hospital Services Account in the Cigarette and Tobacco Products Surtax Fund.

(b) A five million eight hundred ninety-three thousand dollar ($5,893,000) reduction from the Physician Services Account in the Cigarette and Tobacco Products Surtax Fund.

(c) A one million dollar ($1,000,000) reduction from the Unallocated Account in the Cigarette and Tobacco Products Surtax Fund.

SEC. 39.1. (a) Of the funds appropriated in Item 4260-111-0001 of Section 2 of the Budget Act of 2005 from the Cigarette and Tobacco Products Surtax Fund, twenty-four million eight hundred three thousand dollars ($24,803,000) shall be allocated in accordance with subdivision (b) for the 2005-06 fiscal year from the following accounts:

(1) Twenty million two hundred twenty-seven thousand dollars ($20,227,000) from the Hospital Services Account.

(2) Four million five hundred seventy-six thousand dollars ($4,576,000) from the Physician Services Account.

(b) The funds specified in subdivision (a) shall be allocated proportionately as follows:

(1) Twenty-two million three hundred twenty-four thousand dollars ($22,324,000) shall be administered and allocated for distribution through the California Healthcare for Indigents Program (CHIP), Chapter 5 (commencing with Section 16940) of Part 4.7 of Division 9 of the Welfare and Institutions Code.

(2) Two million four hundred seventy-nine thousand dollars ($2,479,000) shall be administered and allocated through the rural health services program, Chapter 4 (commencing with Section 16930) of Part 4.7 of Division 9 of the Welfare and Institutions Code.

(c) (1) Funds allocated pursuant to this section from the Physician Services Account and the Hospital Services Account in the Cigarette and Tobacco Products Surtax Fund shall be used only for the reimbursement of physicians for losses incurred in providing uncompensated emergency services in general acute care hospitals providing basic, comprehensive, or standby emergency services, as defined in Section 16953 of the Welfare and Institutions Code. Funds shall be transferred to the Physician Services Account in the county Emergency Medical Services Fund established pursuant to Sections 16951 and 16952 of the Welfare and Institutions Code, and shall be paid only to physicians who directly provide emergency medical services to patients, based on claims submitted or a subsequent reconciliation of claims. Payments shall be made as provided in Sections 16951 to 16959, inclusive, of the Welfare and Institutions Code, and payments shall be made on an equitable basis, without preference to any particular physician or group of physicians.

(2) If a county has an EMS Fund Advisory Committee that includes both emergency physicians and emergency department on-call back-up panel physicians, and if the committee unanimously approves, the administrator of the EMS Fund may create a special fee schedule and claims submission criteria for reimbursement for services rendered to uninsured trauma patients, provided that no more than 15 percent of the tobacco tax revenues allocated to the County's EMS Fund is distributed through this special fee schedule, that all physicians who render trauma services are entitled to submit claims for reimbursement under this special fee schedule, and that no physician's claim may be reimbursed at greater than 50 percent of losses under this special fee schedule.

SEC. 40. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 41. 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 the necessary statutory changes to implement the Budget Act of 2005 at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 81

An act to add Section 2932.2 to the Fish and Game Code, to add Sections 25363.5 and 25404.9 to the Health and Safety Code, to amend Section 2795 of, and to add Section 6217.8 to, the Public Resources Code, to add Section 384.1 to the Public Utilities Code, to amend Section 1259.4 of the Water Code, and to amend Section 4 of Chapter 138 of the Statutes of 1964, First Extraordinary Session, relating to resources, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

To the members of the California State Senate:

I am signing Senate Bill No. 71 with the following line item veto in Section 1 to more closely align the bill with my expenditure plan.

SECTION 1. Section 2932.2 is added to the Fish and Game Code, to read:

2932.2. Of the funds appropriated pursuant to Section 79565 of the Water Code, not less than ~~twelve million dollars~~ *eight million five hundred thousand dollars* (~~$12,000,000~~ *$8,500,000*) shall be made available for transfer or direct expenditure for acquisition, grants, or other activities that directly restore the Salton Sea and its transboundary watersheds, consistent with Section 2932.

I am reducing this allocation in recognition of the fact that only $8,800,000 in funds appropriated pursuant to Section 79565 of the Water Code will be available for allocation during 2005-06. By reducing this allocation to $8,500,000, the available funding will not be exceeded, and a small reserve will remain for contingencies in all activities and projects funded by this section of the Water Code.

With the above line item veto, I hereby approve SB 71.

ARNOLD SCHWARZENEGGER, Governor

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

SECTION 1. Section 2932.2 is added to the Fish and Game Code, to read:

2932.2. Of the funds appropriated pursuant to Section 79565 of the Water Code, not less than twelve million dollars ($12,000,000) shall be made available for transfer or direct expenditure for acquisition, grants,

or other activities that directly restore the Salton Sea and its transboundary watersheds, consistent with Section 2932.

SEC. 2. Section 25363.5 is added to the Health and Safety Code, to read:

25363.5. (a) Notwithstanding any other provision of this article, the costs incurred by a state agency to take a hazardous substance response action at the BKK Landfills Site in West Covina shall be deemed to be a contribution towards any potential liability for response costs or damages imposed pursuant to state law upon a state agency that arranged for the disposal or treatment of a hazardous substance at that site.

(b) The Legislature declares its intent that the costs incurred by a state agency to take action in response to a hazardous substance release at the BKK Landfills Site in West Covina shall be deemed to be a contribution towards any potential liability for response costs or damages imposed pursuant to the federal act upon a state agency that arranged for the disposal or treatment of a hazardous substance at that site.

SEC. 3. Section 25404.9 is added to the Health and Safety Code, to read:

25404.9. (a) The State Certified Unified Program Agency Account (SCUPA Account) is hereby established in the General Fund and shall be administered by the department. In addition to any other money that may be appropriated by the Legislature to the SCUPA Account, all of the following funds shall be deposited in the SCUPA Account:

(1) The fees collected pursuant to subparagraph (B) of paragraph (2) of subdivision (a) of Section 25404.5.

(2) All reimbursements received for costs of enforcement actions taken by the department acting as a CUPA pursuant to this chapter.

(3) Funds received for the counties in which the department acts as a CUPA from the Rural CUPA Reimbursement Account established pursuant to subdivision (c) of Section 25404.8.

(4) Civil and criminal penalties collected pursuant to paragraph (3) of subdivision (a) of Section 25192, as appropriate.

(5) Administrative penalties collected pursuant to subdivision (i) of Section 25404.1.1, as appropriate.

(6) All interest earned upon money deposited in the SCUPA Account.

(b) The funds deposited in the SCUPA Account may be expended by the department, upon appropriation by the Legislature, for the department's costs of implementing the unified program in those counties for which the secretary has designated the department as a CUPA pursuant to paragraph (2) of subdivision (f) of Section 25404.3.

SEC. 4. Section 2795 of the Public Resources Code is amended to read:

2795. (a) Notwithstanding any other provision of law, the first two million dollars ($2,000,000) of moneys from mining activities on federal lands disbursed by the United States each fiscal year to this state pursuant to Section 35 of the Mineral Lands Leasing Act, as amended (30 U.S.C. Sec. 191), shall be deposited in the Surface Mining and Reclamation Account in the General Fund, which account is hereby created, and may be expended, upon appropriation by the Legislature, for purposes of this chapter.

(b) Proposed expenditures from the account shall be included in a separate item in the Budget Bill for each fiscal year for consideration by the Legislature. Each appropriation from the account shall be subject to all of the limitations contained in the Budget Act and to all other fiscal procedures prescribed by law with respect to the expenditure of state funds.

SEC. 5. Section 6217.8 is added to the Public Resources Code, to read:

6217.8. (a) For purposes of this section "fund" means the Oil Trust Fund established pursuant to subdivision (b).

(b) The Oil Trust Fund is hereby established in the State Treasury and the moneys in the fund are hereby appropriated to the commission in accordance with this section.

(c) (1) On or before March 1, 2006, the City of Long Beach shall pay to the State Lands Commission as remaining oil revenue from the Long Beach tidelands free from the public trust for commerce, navigation, and fisheries, all money, including both principal and interest, in the abandonment reserve fund that the city created in 1999 and that was the subject of the litigation in State of California ex rel. California State Lands Commission v. City of Long Beach (2005) 125 Cal.App.4th 767.

(2) (b) The Controller shall deposit in the fund any funds paid to the Commission pursuant to paragraph (1).

(3) Except as provided in paragraph (4), on the last day of each month beginning July 31, 2006, the Controller shall transfer to the fund the amount of two million dollars ($2,000,000) or 50 percent of remaining oil revenue, as described in subdivision (d) of Section 4 of Chapter 138 of the Statutes of 1964, First Extraordinary Session to the Oil Trust Fund, whichever is less.

(4) Beginning July 1, 2005, and ending December 31, 2005, any contributions to the fund shall be suspended, except those funds described in paragraphs (1) and (2). During that period the Controller shall transfer four million dollars ($4,000,000) monthly to the General Fund from oil revenues, as described in subdivision (d) of Section 4 of Chapter 138 of the Statutes of 1964, First Extraordinary Session.

(5) Beginning January 1, 2006, and ending June 30, 2006, the amount contributed to the fund shall be the amount specified in paragraph (3). During that period the Controller shall also transfer two million dollars ($2,000,000) monthly to the General Fund from oil revenues, as described in subdivision (d) of Section 4 of Chapter 138 of the Statutes of 1964, First Extraordinary Session.

(d) (1) The total amount deposited in the fund shall not exceed three hundred million dollars ($300,000,000), The commission may adjust this limit to ensure that there will be adequate money in the fund.

(2) All interest earned on the money in the abandonment reserve fund specified in paragraph (1) of subdivision (c) shall be transferred to the fund.

(3) The commission may expend the money from the fund solely to finance the costs of well abandonment, pipeline removal, facility removal, remediation, and other costs associated with removal of oil and gas facilities from the Long Beach tidelands that are not the contractual responsibility of the contractor or other parties.

(e) The moneys deposited in the fund are hereby appropriated to the commission commencing when all of the following conditions are met:

(1) The City of Long Beach adopts an ordinance declaring that the tidelands oil fields have been abandoned and mitigation for environmental damage can begin.

(2) The City of Long Beach transmits to the commission a copy of the ordinance and all necessary accompanying documentation, including a plan for expenditures for mitigation.

(3) The commission reviews the material provided in paragraph (2) and notifies the Controller that the fields have been abandoned and mitigation can begin. The commission shall provide a schedule for expenditures.

(f) On or before January 1, 2007, the commission shall report to the Director of Finance and the chairpersons of the appropriate legislative committees on both the following:

(1) A forecast of when the tidelands oil fields will be abandoned and require environmental mitigation.

(2) An estimate of the likely costs to mitigate the effects of extraction in the tidelands oil fields.

SEC. 6. Section 384.1 is added to the Public Utilities Code, to read:

384.1. (a) For purposes of this section, "Energy Commission" means the State Energy Resources Conservation and Development Commission.

(b) On or before March 15, 2006, the Energy Commission shall prepare and submit to the appropriate policy and fiscal committees of the Legislature, a report setting forth a long-term research priority, program management, and staffing plan for the Public Interest Energy

Research Program, that is part of the Public Interest Research, Development, and Demonstration Program established pursuant to Section 25620.1 of the Public Resources Code and funded through the Public Interest Research, Development, and Demonstration Fund. The report shall do all of the following:

(1) Designate, in priority order, between 5 and 10 areas of research.

(2) Evaluate the current and projected funding and workload through 2011.

(3) Identify, based on the priorities established by the Energy Commission, an effective and efficient program management structure, staffing, and funding requirements to adequately manage the projected workload.

(4) Consider the appropriate mix of contract consultants and state employees, considering required technical expertise and overall costs.

(c) The evaluation shall consider the manageability of an increasing number of projects and whether the number of projects should be limited, which areas of research have proven most productive, and structural changes to provide a greater degree of operational independence and research leadership to address the long-term problems identified by the Independent Review Panel in its March 2004 report.

(d) The report required by this section may be included in the five-year investment plan report required by subdivision (b) of Section 399.7, if provided to the appropriate policy and fiscal committees of the Legislature by March 15, 2006.

SEC. 7. Section 1259.4 of the Water Code is amended to read:

1259.4. (a) (1) On or before January 1, 2008, the board shall adopt principles and guidelines for maintaining instream flows in coastal streams from the Mattole River to San Francisco and in coastal streams entering northern San Pablo Bay, as part of state policy for water quality control adopted pursuant to Article 3 (commencing with Section 13140) of Chapter 3 of Division 7, for the purposes of water right administration.

(2) The board may adopt principles and guidelines for maintaining instream flows not described in paragraph (1), as part of state policy for water quality control adopted pursuant to Article 3 (commencing with Section 13140) of Chapter 3 of Division 7, for the purposes of water right administration.

(b) Prior to the adoption of principles and guidelines pursuant to subdivision (a), the board may consider the 2002 "Guidelines for Maintaining Instream Flows to Protect Fisheries Resources Downstream of Water Diversions in Mid-California Coastal Streams" for the purposes of water right administration.

SEC. 8. Section 4 of Chapter 138 of the Statutes of 1964, First Extraordinary Session, as amended by Section 1 of Chapter 246, of the Statutes of 1982, is amended to read:

Sec. 4. (a) Until and including the last day of the calendar month in which this act becomes effective, the City of Long Beach shall account for and pay over to the state oil revenue and dry gas revenue in accordance with all the provisions of Chapter 29 of the Statutes of 1956, First Extraordinary Session, as amended by Chapter 1398 of the Statutes of 1963.

(b) Commencing on the first day of the calendar month following the date on which this act becomes effective, the City of Long Beach shall account for and pay over monthly to the state oil revenue and dry gas revenue free from the public trust for navigation, commerce, and fisheries and from the uses, trusts, conditions and restrictions that were imposed by the acts of 1911, 1925, and 1935, and the city shall retain, subject to the provisions of this act, the amounts or percentages of oil revenue hereinafter provided.

(c) The City of Long Beach shall account for and pay over monthly to the State Lands Commission for and on behalf of the state all dry gas revenue thereafter received by the city.

(d) The City of Long Beach shall retain out of oil revenue each month an amount equal to all subsidence costs thereafter expended by the city and an amount equal to the money thereafter expended by the city in administering oil and gas operations on the Long Beach tidelands, to the extent, if any, that the amount is not deductible under subdivision (b) of Section 1. The city shall not retain out of oil revenue any money for deposit in a reserve fund to be used for future tidelands oil field administrative costs or future costs related to the extraction or disposition of oil or other hydrocarbons, including, but not limited to, future costs for the plugging and abandonment of wells and removal of production facilities, even if the future costs are certain to occur and can reasonably be estimated. The city shall pay out of oil revenue to the State Lands Commission for and on behalf of the state each month an amount equal to the money thereafter expended by the state, as determined by the Director of Finance, in administering this act and Chapter 29 of the Statutes of 1956, First Extraordinary Session, including the costs of the audits by the Auditor General pursuant to Section 10, insofar as that amount pertains to the Long Beach tidelands. The oil revenue remaining after deducting and paying these amounts shall hereafter be referred to as "remaining oil revenue."

(e) All advance payments attributable to the undeveloped portion of the Long Beach tidelands shall be divided equally between the City of Long Beach and the state. The City of Long Beach shall account for and

pay over monthly to the State Lands Commission for and on behalf of the state all other remaining oil revenue, except for the percentages or amounts of remaining oil revenue specified in the following schedule, which percentages or amounts shall be retained by the City of Long Beach:

(1) Until and including December 31, 1967, 50 percent.

(2) During the calendar year 1968, 45 percent or the total amount of nine million dollars ($9,000,000) during that year, whichever is less.

(3) During the calendar year 1969, 40 percent or the total amount of nine million dollars ($9,000,000) during that year, whichever is less.

(4) During the calendar year 1970, 35 percent or the total amount of nine million dollars ($9,000,000) during that year, whichever is less.

(5) During the calendar year 1971, 30 percent or the total amount of nine million dollars ($9,000,000) during that year, whichever is less.

(6) During the calendar year 1972, 25 percent or the total amount of nine million dollars ($9,000,000) during that year, whichever is less.

(7) During the calendar year 1973, and during each calendar year thereafter, to and including 1979, 20 percent or the total amount of nine million dollars ($9,000,000) during each year, whichever is less.

(8) During the calendar year 1980, and during each calendar year thereafter, to and including 1982, 20 percent or the total amount of eight million dollars ($8,000,000) during each year, whichever is less.

(9) During the calendar year 1983, 20 percent or the total amount of seven million dollars ($7,000,000) during that year, whichever is less.

(10) During the calendar year 1984, 20 percent or the total amount of six million dollars ($6,000,000) during that year, whichever is less.

(11) During the calendar year 1985, 20 percent or the total amount of five million dollars ($5,000,000) during that year, whichever is less.

(12) During the calendar year 1986, 20 percent or the total amount of four million five hundred thousand dollars ($4,500,000) during that year, whichever is less.

(13) During the calendar year 1987, 20 percent or the total amount of three million four hundred thousand dollars ($3,400,000) during that year, whichever is less.

(14) During the calendar year 1988, and each calendar year thereafter, the total sum of one million dollars ($1,000,000) during each year.

If the execution of the contractors' agreement is delayed beyond December 31, 1964, the city shall retain 50 percent of remaining oil revenue, as provided in paragraph (1) of the above schedule, until and including the last day of the third calendar year following the calendar year in which the contractors' agreement is executed, and the amounts or percentages of remaining oil revenues to be retained by the city as specified in paragraphs (2) to (14), inclusive, of the above schedule shall

be deferred accordingly. If the total aggregate amount of remaining oil revenue (including advance payments) retained by the city on and after the effective date of this act should reach the sum of two hundred thirty-eight million dollars ($238,000,000) at any date prior to January 1, 1988, the city shall retain during the next calendar year following the date at which that total aggregate sum is reached, and during each calendar year thereafter, the total sum of one million dollars ($1,000,000) out of remaining oil revenue during each year, in lieu of any amounts that might otherwise be specified in the above schedule in respect to those years.

(f) The contractors' agreement shall include a provision for a "reserve for subsidence contingencies." This reserve shall accumulate at the rate of two million dollars ($2,000,000) a year, exclusive of interest thereon, commencing from and after the first day of the second month following termination of the right to receive any advance payment from the field contractor and shall continue for a period of 20 years thereafter. The amounts so accumulated, but not the interest thereon, shall be treated as a cost of oil production under the contractors' agreement and shall be deductible in computing oil revenue.

The amounts so accumulated, together with interest, shall be impounded by the city in a separate fund and shall be invested in bond issued by the state or if those bonds are unavailable, then in securities of the United States. the fund shall be available to indemnify and hold harmless the City of Long Beach, the state, and any and all contractors under the contractors' agreement from claims, judgments, and costs of defense, arising from subsidence alleged to have occurred as a result of operations under the agreement. The fund may also be used for the purpose of paying subsidence costs or for conducting repressuring operations in the event there is no oil revenue or the oil revenue is insufficient to pay these costs.

The fund shall remain impounded until the time that the city and the state shall jointly determine that there is no longer any hazard of those claims or judgments or that there is no potential danger of subsidence, whichever is later. However, if the city and the state are unable to agree upon that joint determination, the State Lands Commission may make application to a court of competent jurisdiction for determination by the court as to whether it is necessary to continue the impoundment of the fund.

Upon termination of that impoundment, the money so impounded, including all interest and earnings thereof, shall be distributed to the city in addition to the amounts specified under subdivision (e), and the state, as follows: an amount equal to 50 percent of all subsidence costs approved and disbursed by the city from the effective date of this act to

and including December 31, 1968, shall be distributed and paid to the city; and the balance shall be paid and distributed to the state. Nothing herein contained shall constitute a waiver of sovereign immunity by the state; nor shall anything herein contained affect in any manner the rights and obligations of the City of Long Beach, the state, or the contractors under the contractors' agreement, or any of them, as against any other person or persons, relative to claims, judgments, or liability arising from subsidence of the land surface.

SEC. 9. For the purposes of Section 384.1 of the Public Utilities Code, the Legislature finds and declares that the Public Interest Energy Research Program provides contracts and grant funds to public and private entities for research, development, and demonstration of electricity-related innovations. The number of projects managed under the Public Interest Energy Research Program has grown from 340 projects in the 2000-01 fiscal year, to more than 700 projected projects for the 2005-06 fiscal year. In a March 2004 report, a legislatively mandated Independent Review Panel recommended that the State Energy Resources Conservation and Development Commission improve its research and development efforts by increasing project management positions. The report found that there remain requirements for additional technical and management staff to adequately select and manage the large and growing project workload.

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 protect public health and safety and the environment, it is necessary that this act take effect immediately.

CHAPTER 82

An act to repeal Section 22325 of the Business and Professions Code, and to amend and repeal Section 1936 of the Civil Code, relating to vehicle rental agreements.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 22325 of the Business and Professions Code is repealed.

SEC. 2. Section 1936 of the Civil Code, as amended by Section 1 of Chapter 317 of the Statutes of 2004, is amended to read:

1936. (a) For the purpose of this section, the following definitions shall apply:

(1) "Rental company" means any person or entity in the business of renting passenger vehicles to the public.

(2) "Renter" means any person in any manner obligated under a contract for the lease or hire of a passenger vehicle from a rental company for a period of less than 30 days.

(3) "Authorized driver" means (A) the renter, (B) the renter's spouse if that person is a licensed driver and satisfies the rental company's minimum age requirement, (C) the renter's employer or coworker if they are engaged in business activity with the renter, are licensed drivers, and satisfy the rental company's minimum age requirement, and (D) any person expressly listed by the rental company on the renter's contract as an authorized driver.

(4) (A) "Customer facility charge" means a fee required by an airport to be collected by a rental company from a renter for any of the following purposes:

(i) The fee shall be used to finance, design, and construct consolidated airport car rental facilities.

(ii) The fee shall be used to finance, design, construct, and provide common use transportation systems that move passengers between airport terminals and those consolidated car rental facilities.

(B) The aggregate amount to be collected may not exceed the reasonable costs, as determined by an independent audit paid for by the airport, to finance, design, and construct those facilities. Copies of the audit shall be provided to the Assembly and Senate Committees on Judiciary, the Assembly Committee on Transportation, and the Senate Committee on Transportation and Housing. In the case of a transportation system, the audit shall also consider the reasonable costs of providing the transit system or busing network. At the Burbank Airport, and at all other airports, the fees designated as a Customer Facility Charge may not be used to pay for terminal expansion, gate expansion, runway expansion, changes in hours of operation, or changes in the number of flights arriving or departing from the airport.

(C) The authorization given pursuant to this section for an airport to impose a customer facility charge shall become inoperative when the bonds used for financing are paid.

(5) "Damage waiver" means a rental company's agreement not to hold a renter liable for all or any portion of any damage or loss related to the rented vehicle, any loss of use of the rented vehicle, or any storage, impound, towing, or administrative charges.

(6) "Electronic surveillance technology" means a technological method or system used to observe, monitor, or collect information, including telematics, Global Positioning System (GPS), wireless technology, or location-based technologies. "Electronic surveillance technology" does not include event data recorders (EDR), sensing and diagnostic modules (SDM), or other systems that are used either:

(A) For the purpose of identifying, diagnosing, or monitoring functions related to the potential need to repair, service, or perform maintenance on the rental vehicle.

(B) As part of the vehicle's airbag sensing and diagnostic system in order to capture safety systems-related data for retrieval after a crash has occurred or in the event that the collision sensors are activated to prepare the decisionmaking computer to make the determination to deploy or not to deploy the airbag.

(7) "Estimated time for replacement" means the number of hours of labor, or fraction thereof, needed to replace damaged vehicle parts as set forth in collision damage estimating guides generally used in the vehicle repair business and commonly known as "crash books."

(8) "Estimated time for repair" means a good faith estimate of the reasonable number of hours of labor, or fraction thereof, needed to repair damaged vehicle parts.

(9) "Membership program" means a service offered by a rental company that permits customers to bypass the rental counter and go directly to the car previously reserved. A membership program shall meet all of the following requirements:

(A) The renter initiates enrollment by completing an application on which the renter can specify a preference for type of vehicle and acceptance or declination of optional services.

(B) The rental company fully discloses, prior to the enrollee's first rental as a participant in the program, all terms and conditions of the rental agreement as well as all required disclosures.

(C) The renter may terminate enrollment at any time.

(D) The rental company fully explains to the renter that designated preferences, as well as acceptance or declination of optional services, may be changed by the renter at any time for the next and future rentals.

(E) An employee designated to receive the form specified in subparagraph (C) of paragraph (1) of subdivision (r) is present at the lot where the renter takes possession of the car, to receive any change in the rental agreement from the renter.

(10) "Passenger vehicle" means a passenger vehicle as defined in Section 465 of the Vehicle Code.

(b) Except as limited by subdivision (c), a rental company and a renter may agree that the renter will be responsible for no more than all of the following:

(1) Physical or mechanical damage to the rented vehicle up to its fair market value, as determined in the customary market for the sale of that vehicle, resulting from collision regardless of the cause of the damage.

(2) Loss due to theft of the rented vehicle up to its fair market value, as determined in the customary market for the sale of that vehicle, provided that the rental company establishes by clear and convincing evidence that the renter or the authorized driver failed to exercise ordinary care while in possession of the vehicle. In addition, the renter shall be presumed to have no liability for any loss due to theft if (A) an authorized driver has possession of the ignition key furnished by the rental company or an authorized driver establishes that the ignition key furnished by the rental company was not in the vehicle at the time of the theft, and (B) an authorized driver files an official report of the theft with the police or other law enforcement agency within 24 hours of learning of the theft and reasonably cooperates with the rental company and the police or other law enforcement agency in providing information concerning the theft. The presumption set forth in this paragraph is a presumption affecting the burden of proof which the rental company may rebut by establishing that an authorized driver committed, or aided and abetted the commission of, the theft.

(3) Physical damage to the rented vehicle up to its fair market value, as determined in the customary market for the sale of that vehicle, resulting from vandalism occurring after, or in connection with, the theft of the rented vehicle. However, the renter shall have no liability for any damage due to vandalism if the renter would have no liability for theft pursuant to paragraph (2).

(4) Physical damage to the rented vehicle up to a total of five hundred dollars ($500) resulting from vandalism unrelated to the theft of the rented vehicle.

(5) Actual charges for towing, storage, and impound fees paid by the rental company if the renter is liable for damage or loss.

(6) An administrative charge, which shall include the cost of appraisal and all other costs and expenses incident to the damage, loss, repair, or replacement of the rented vehicle.

(c) The total amount of the renter's liability to the rental company resulting from damage to the rented vehicle may not exceed the sum of the following:

(1) The estimated cost of parts which the rental company would have to pay to replace damaged vehicle parts. All discounts and price reductions or adjustments that are or will be received by the rental

company shall be subtracted from the estimate to the extent not already incorporated in the estimate or otherwise promptly credited or refunded to the renter.

(2) The estimated cost of labor to replace damaged vehicle parts which may not exceed the product of (A) the rate for labor usually paid by the rental company to replace vehicle parts of the type that were damaged and (B) the estimated time for replacement. All discounts and price reductions or adjustments that are or will be received by the rental company shall be subtracted from the estimate to the extent not already incorporated in the estimate or otherwise promptly credited or refunded to the renter.

(3) (A) The estimated cost of labor to repair damaged vehicle parts, which may not exceed the lesser of the following:

(i) The product of the rate for labor usually paid by the rental company to repair vehicle parts of the type that were damaged and the estimated time for repair.

(ii) The sum of the estimated labor and parts costs determined under paragraphs (1) and (2) to replace the same vehicle parts.

(B) All discounts and price reductions or adjustments that are or will be received by the rental company shall be subtracted from the estimate to the extent not already incorporated in the estimate or otherwise promptly credited or refunded to the renter.

(4) For the purpose of converting the estimated time for repair into the same units of time in which the rental rate is expressed, a day shall be deemed to consist of eight hours.

(5) Actual charges for towing, storage, and impound fees paid by the rental company.

(6) The administrative charge described in paragraph (6) of subdivision (b) may not exceed (A) fifty dollars ($50) if the total estimated cost for parts and labor is more than one hundred dollars ($100) up to and including five hundred dollars ($500), (B) one hundred dollars ($100) if the total estimated cost for parts and labor exceeds five hundred dollars ($500) up to and including one thousand five hundred dollars ($1,500), and (C) one hundred fifty dollars ($150) if the total estimated cost for parts and labor exceeds one thousand five hundred dollars ($1,500). No administrative charge may be imposed if the total estimated cost of parts and labor is one hundred dollars ($100) or less.

(d) (1) The total amount of an authorized driver's liability to the rental company, if any, for damage occurring during the authorized driver's operation of the rented vehicle may not exceed the amount of the renter's liability under subdivision (c).

(2) A rental company may not recover from the renter or other authorized driver an amount exceeding the renter's liability under subdivision (c).

(3) A claim against a renter resulting from damage or loss, excluding loss of use, to a rental vehicle shall be reasonably and rationally related to the actual loss incurred. A rental company shall mitigate damages where possible and may not assert or collect any claim for physical damage which exceeds the actual costs of the repairs performed or the estimated cost of repairs, if the rental company chooses not to repair the vehicle, including all discounts and price reductions. However, if the vehicle is a total loss vehicle, the claim may not exceed the total loss vehicle value established in accordance with procedures that are customarily used by insurance companies when paying claims on total loss vehicles, less the proceeds from salvaging the vehicle, if those proceeds are retained by the rental company.

(4) If insurance coverage exists under the renter's applicable personal or business insurance policy and the coverage is confirmed during regular business hours, the renter may require that the rental company submit any claims to the renter's applicable personal or business insurance carrier. The rental company may not make any written or oral representations that it will not present claims or negotiate with the renter's insurance carrier. For purposes of this paragraph, confirmation of coverage includes telephone confirmation from insurance company representatives during regular business hours. Upon request of the renter and after confirmation of coverage, the amount of claim shall be resolved between the insurance carrier and the rental company. The renter shall remain responsible for payment to the rental car company for any loss sustained that the renter's applicable personal or business insurance policy does not cover.

(5) A rental company may not recover from the renter or other authorized driver for any item described in subdivision (b) to the extent the rental company obtains recovery from any other person.

(6) This section applies only to the maximum liability of a renter or other authorized driver to the rental company resulting from damage to the rented vehicle and not to the liability of any other person.

(e) (1) Except as provided in subdivision (f), every damage waiver shall provide or, if not expressly stated in writing, shall be deemed to provide that the renter has no liability for any damage, loss, loss of use, or any cost or expense incident thereto.

(2) Except as provided in subdivision (f), every limitation, exception, or exclusion to any damage waiver is void and unenforceable.

(f) A rental company may provide in the rental contract that a damage waiver does not apply under any of the following circumstances:

(1) Damage or loss results from an authorized driver's (A) intentional, willful, wanton, or reckless conduct, (B) operation of the vehicle under the influence of drugs or alcohol in violation of Section 23152 of the Vehicle Code, (C) towing or pushing anything, or (D) operation of the vehicle on an unpaved road if the damage or loss is a direct result of the road or driving conditions.

(2) Damage or loss occurs while the vehicle is (A) used for commercial hire, (B) used in connection with conduct that could be properly charged as a felony, (C) involved in a speed test or contest or in driver training activity, (D) operated by a person other than an authorized driver, or (E) operated outside of the United States.

(3) Any authorized driver who has (A) provided fraudulent information to the rental company, or (B) provided false information and the rental company would not have rented the vehicle if it had instead received true information.

(g) (1) A rental company that offers or provides a damage waiver for any consideration in addition to the rental rate shall clearly and conspicuously disclose the following information in the rental contract or holder in which the contract is placed and, also, in signs posted at the place, such as the counter, where the renter signs the rental contract, and, for renters who are enrolled in the rental company's membership program, in a sign which shall be posted in a location clearly visible to those renters as they enter the location where their reserved rental cars are parked or near the exit of the bus or other conveyance that transports the enrollee to a reserved car: (A) the nature of the renter's liability, e.g., liability for all collision damage regardless of cause, (B) the extent of the renter's liability, e.g., liability for damage or loss up to a specified amount, (C) the renter's personal insurance policy or the credit card used to pay for the car rental transaction may provide coverage for all or a portion of the renter's potential liability, (D) the renter should consult with his or her insurer to determine the scope of insurance coverage, including the amount of the deductible, if any, for which the renter is obligated, (E) the renter may purchase an optional damage waiver to cover all liability, subject to whatever exceptions the rental company expressly lists that are permitted under subdivision (f), and (F) the range of charges for the damage waiver.

(2) In addition to the requirements of paragraph (1), a rental company that offers or provides a damage waiver shall, orally disclose to all renters, except those who are participants in the rental company's membership program, that the damage waiver may be duplicative of coverage that the customer maintains under his or her own policy of motor vehicle insurance. The renter's receipt of the oral disclosure shall be demonstrated through the renter acknowledging receipt of the oral

disclosure near that part of the contract where the renter indicates, by the renter's own initials, his or her acceptance or declination of the damage waiver. Adjacent to that same part, the contract shall also state that the damage waiver is optional. Further, the contract for these renters shall include a clear and conspicuous written disclosure that the damage waiver may be duplicative of coverage that the customer maintains under his or her own policy of motor vehicle insurance.

(3) The following is an example, for purposes of illustration and not limitation, of a notice fulfilling the requirements of paragraph (1) for a rental company that imposes liability on the renter for collision damage to the full value of the vehicle:

NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY AND OPTIONAL DAMAGE WAIVER

You are responsible for all collision damage to the rented vehicle even if someone else caused it or the cause is unknown. You are responsible for the cost of repair up to the value of the vehicle, and towing, storage, and impound fees.

Your own insurance, or the issuer of the credit card you use to pay for the car rental transaction, may cover all or part of your financial responsibility for the rented vehicle. You should check with your insurance company, or credit card issuer, to find out about your coverage and the amount of the deductible, if any, for which you may be liable.

Further, if you use a credit card that provides coverage for your potential liability, you should check with the issuer to determine if you must first exhaust the coverage limits of your own insurance before the credit card coverage applies.

The rental company will not hold you responsible if you buy a damage waiver. But a damage waiver will not protect you if (list exceptions).

(A) When the above notice is printed in the rental contract or holder in which the contract is placed, the following shall be printed immediately following the notice:

"The cost of an optional damage waiver is $____ for every (day or week)."

(B) When the above notice appears on a sign, the following shall appear immediately adjacent to the notice:

"The cost of an optional damage waiver is $____ to $____ for every (day or week), depending upon the vehicle rented."

(h) Notwithstanding any other provision of law, a rental company may sell a damage waiver subject to the following rate limitations for each full or partial 24-hour rental day for the damage waiver.

(1) For rental vehicles that the rental company designates as an "economy car," "subcompact car," "compact car," or any other term having similar meaning when offered for rental, or any other vehicle having a manufacturer's suggested retail price of nineteen thousand dollars ($19,000) or less, the rate may not exceed nine dollars ($9).

(2) For rental vehicles that have a manufacturer's suggested retail price from nineteen thousand one dollars ($19,001) to thirty-four thousand nine hundred ninety-nine dollars ($34,999), inclusive, and that are also either vehicles of next year's model, or not older than the previous year's model, the rate may not exceed fifteen dollars ($15). For those rental vehicles older than the previous year's model year, the rate may not exceed nine dollars ($9).

(i) On or after January 1, 2003, the manufacturer's suggested retail prices described in subdivision (h) shall be adjusted annually to reflect changes from the previous year in the Consumer Price Index. For the purposes of this section, "Consumer Price Index" means the United States Consumer Price Index for All Urban Consumers, for all items.

(j) A rental company that disseminates in this state an advertisement containing a rental rate shall include in that advertisement a clearly readable statement of the charge for a damage waiver and a statement that a damage waiver is optional.

(k) (1) A rental company may not require the purchase of a damage waiver, optional insurance, or any other optional good or service.

(2) A rental company may not engage in any unfair, deceptive, or coercive conduct to induce a renter to purchase the damage waiver, optional insurance, or any other optional good or service, including conduct such as, but not limited to, refusing to honor the renter's reservation, limiting the availability of vehicles, requiring a deposit, or debiting or blocking the renter's credit card account for a sum equivalent to a deposit if the renter declines to purchase the damage waiver, optional insurance, or any other optional good or service.

(*l*) (1) In the absence of express permission granted by the renter subsequent to damage to, or loss of, the vehicle, a rental company may not seek to recover any portion of any claim arising out of damage to, or loss of, the rented vehicle by processing a credit card charge or causing any debit or block to be placed on the renter's credit card account.

(2) A rental company may not engage in any unfair, deceptive, or coercive tactics in attempting to recover or in recovering on any claim arising out of damage to, or loss of, the rented vehicle.

(m) (1) A customer facility charge may be collected by a rental company under the following circumstances:

(A) Collection of the fee by the rental company is required by an airport operated by a city, a county, a city and county, a joint powers authority, or a special district.

(B) The fee is calculated on a per-contract basis.

(C) The fee is a user fee, not a tax imposed upon real property or an incidence of property ownership under Article XIII D of the California Constitution.

(D) Except as otherwise provided in subparagraph (E), the fee shall be ten dollars ($10) per contract.

(E) If the fee imposed by the airport is for both a consolidated rental car facility and a common-use transportation system, the fee collected from customers of on-airport rental car companies shall be ten dollars ($10), but the fee imposed on customers of off-airport rental car companies who are transported on the common-use transportation system is proportionate to the costs of the common-use transportation system only. The fee is uniformly applied to each class of on-airport or off-airport customers, provided the airport requires off-airport customers to use the common-use transportation system.

(F) Revenues collected from the fee do not exceed the reasonable costs of financing, designing, constructing, or operating the facility or services and may not be used for any other purpose.

(G) The fee is separately identified on the rental agreement.

(H) This paragraph does not apply to airports whose fees are governed by Section 1936.5 of the Civil Code, Section 50474.1 of the Government Code, or Section 57.5 of the San Diego Unified Port District Act.

(2) Notwithstanding any other provision of law, including, but not limited to, Part 1 (commencing with Section 6001) to Part 1.7 (commencing with Section 7280), inclusive, of Division 2 of the Revenue and Taxation Code, the fees collected pursuant to this section, or any other law whereby a local agency operating an airport requires a rental car company to collect a facility financing fee from its customers, are not subject to sales, use, or transaction taxes.

(n) (1) A rental company shall only advertise, quote, and charge a rental rate that includes the entire amount except taxes, a customer facility charge, if any, and a mileage charge, if any, which a renter must pay to hire or lease the vehicle for the period of time to which the rental rate applies. A rental company may not charge in addition to the rental rate, taxes, a customer facility charge, if any, and a mileage charge, if any, any fee which must be paid by the renter as a condition of hiring or leasing the vehicle, such as, but not limited to, required fuel or airport surcharges other than customer facility charges, nor any fee for

transporting the renter to the location where the rented vehicle will be delivered to the renter.

(2) In addition to the rental rate, taxes, customer facility charges, if any, and mileage charges, if any, a rental company may charge for an item or service provided in connection with a particular rental transaction if the renter could have avoided incurring the charge by choosing not to obtain or utilize the optional item or service. Items and services for which the rental company may impose an additional charge, include, but are not limited to, optional insurance and accessories requested by the renter, service charges incident to the renter's optional return of the vehicle to a location other than the location where the vehicle was hired or leased, and charges for refueling the vehicle at the conclusion of the rental transaction in the event the renter did not return the vehicle with as much fuel as was in the fuel tank at the beginning of the rental. A rental company also may impose an additional charge based on reasonable age criteria established by the rental company.

(3) A rental company may not charge any fee for authorized drivers in addition to the rental charge for an individual renter.

(4) If a rental company states a rental rate in print advertisement or in a telephonic, in-person, or computer-transmitted quotation, the rental company shall clearly disclose in that advertisement or quotation the terms of any mileage conditions relating to the advertised or quoted rental rate, including, but not limited to, to the extent applicable, the amount of mileage and gas charges, the number of miles for which no charges will be imposed, and a description of geographic driving limitations within the United States and Canada.

(5) (A) When a rental rate is stated in an advertisement, quotation, or reservation in connection with a car rental at an airport where a customer facility charge is imposed, the rental company shall clearly disclose the existence and amount of the customer facility charge. For the purposes of this subparagraph, advertisements include radio, television, other electronic media, and print advertisements. For purposes of this subparagraph, quotations and reservations include those that are telephonic, in-person, and computer-transmitted. If the rate advertisement is intended to include transactions at more than one airport imposing a customer facility charge, a range of fees may be stated in the advertisement. However, all rate advertisements that include car rentals at airport destinations shall clearly and conspicuously include a toll-free telephone number whereby a customer can be told the specific amount of the customer facility charge to which the customer will be obligated.

(B) If any person or entity other than a rental car company, including a passenger carrier or a seller of travel services, advertises or quotes a rate for a car rental at an airport where a customer facility charge is

imposed, that person or entity shall, provided they are provided with information about the existence and amount of the fee, to the extent not specifically prohibited by federal law, clearly disclose the existence and amount of the fee in any telephonic, in-person, or computer-transmitted quotation at the time of making an initial quotation of a rental rate and at the time of making a reservation of a rental car. If a rental car company provides the person or entity with rate and customer facility charge information, the rental car company is not responsible for the failure of that person or entity to comply with this subparagraph when quoting or confirming a rate to a third person or entity.

(6) If a rental company delivers a vehicle to a renter at a location other than the location where the rental company normally carries on its business, the rental company may not charge the renter any amount for the rental for the period before the delivery of the vehicle. If a rental company picks up a rented vehicle from a renter at a location other than the location where the rental company normally carries on its business, the rental company may not charge the renter any amount for the rental for the period after the renter notifies the rental company to pick up the vehicle.

(o) A rental company may not use, access, or obtain any information relating to the renter's use of the rental vehicle that was obtained using electronic surveillance technology, except in the following circumstances:

(1) (A) When the equipment is used by the rental company only for the purpose of locating a stolen, abandoned, or missing rental vehicle after one of the following:

(i) The renter or law enforcement has informed the rental company that the vehicle has been stolen, abandoned, or missing.

(ii) The rental vehicle has not been returned following one week after the contracted return date, or by one week following the end of an extension of that return date.

(iii) The rental company discovers the rental vehicle has been stolen or abandoned, and, if stolen, it shall report the vehicle stolen to law enforcement by filing a stolen vehicle report, unless law enforcement has already informed the rental company that the vehicle has been stolen, abandoned, or is missing.

(B) If electronic surveillance technology is activated pursuant to subparagraph (A) of paragraph (1), a rental company shall maintain a record, in either electronic or written form, of information relevant to the activation of that technology. That information shall include the rental agreement, including the return date, and the date and time the electronic surveillance technology was activated. The record shall also include, if relevant, a record of any written or other communication with the renter, including communications regarding extensions of the rental,

police reports, or other written communication with law enforcement officials. The record shall be maintained for a period of at least 12 months from the time the record is created and shall be made available upon the renter's request. The rental company shall maintain and furnish any explanatory codes necessary to read the record. A rental company shall not be required to maintain a record if electronic surveillance technology is activated to recover a rental vehicle that is stolen or missing at a time other than during a rental period.

(2) In response to a specific request from law enforcement pursuant to a subpoena or search warrant.

(3) Nothing in this subdivision prohibits a rental company from equipping rental vehicles with GPS based technology that provides navigation assistance to the occupants of the rental vehicle, if the rental company does not use, access, or obtain any information relating to the renter's use of the rental vehicle that was obtained using that technology, except for the purposes of discovering or repairing a defect in the technology and the information may then be used only for that purpose.

(4) Nothing in this subdivision prohibits a rental company from equipping rental vehicles with electronic surveillance technology that allows for the remote locking or unlocking of the vehicle at the request of the renter, if the rental company does not use, access, or obtain any information relating to the renter's use of the rental vehicle that was obtained using that technology, except as necessary to lock or unlock the vehicle.

(5) Nothing in this subdivision prohibits a rental company from equipping rental vehicles with electronic surveillance technology that allows the company to provide roadside assistance, such as towing, flat tire or fuel services, at the request of the renter, if the rental company does not use, access or obtain any information relating to the renter's use of the rental vehicle that was obtained using that technology except as necessary to provide the requested roadside assistance.

(6) Nothing in this subdivision prohibits a rental company from obtaining, accessing, or using information from electronic surveillance technology for the sole purpose of determining the date and time the vehicle is returned to the rental company, and the total mileage driven and the vehicle fuel level of the returned vehicle. This paragraph, however, shall apply only after the renter has returned the vehicle to the rental company, and the information shall only be used for the purpose described in this paragraph.

(p) A rental company may not use electronic surveillance technology to track a renter in order to impose fines or surcharges relating to the renter's use of the rental vehicle.

(q) A renter may bring an action against a rental company for the recovery of damages and appropriate equitable relief for a violation of this section. The prevailing party shall be entitled to recover reasonable attorney's fees and costs.

(r) A rental company that brings an action against a renter for loss due to theft of the vehicle shall bring the action in the county in which the renter resides or, if the renter is not a resident of this state, in the jurisdiction in which the renter resides.

(s) Any waiver of any of the provisions of this section shall be void and unenforceable as contrary to public policy.

(t) (1) A rental company's disclosure requirements shall be satisfied for renters who are enrolled in the rental company's membership program if all of the following conditions are met:

(A) Prior to the enrollee's first rental as a participant in the program, the renter receives, in writing, the following:

(i) All of the disclosures required by paragraph (1) of subdivision (g) including the terms and conditions of the rental agreement then in effect.

(ii) A Web site address, as well as a contact number or address, where the enrollee can learn of any changes to the rental agreement or to the laws of this state governing rental agreements since the effective date of the rental company's most recent restatement of the rental agreement and distribution of that restatement to its members.

(B) At the commencement of each rental period, the renter is provided, on the rental record or the folder in which it is inserted, with a printed notice stating that he or she had either previously selected or declined an optional damage waiver and that the renter has the right to change preferences.

(C) At the commencement of each rental period, the rental company provides, on the rearview mirror, a hanger on which a statement is printed, in a box, in at least 12-point boldface type, notifying the renter that the collision damage waiver offered by the rental company may be duplicative of coverage that the customer maintains under his or her own policy of motor vehicle insurance. If it is not feasible to hang the statement from the rearview mirror, it shall be hung from the steering wheel.

The hanger shall provide the renter a box to initial if he or she (not his or her employer) has previously accepted or declined the collision damage waiver and that he or she now wishes to change his or her decision to accept or decline the collision damage waiver, as follows:

"□ If I previously accepted the collision damage waiver, I now decline it.

□ If I previously declined the collision damage waiver, I now accept it."

The hanger shall also provide a box for the enrollee to indicate whether this change applies to this rental transaction only or to all future rental transactions. The hanger shall also notify the renter that he or she may make that change, prior to leaving the lot, by returning the form to an employee designated to receive the form who is present at the lot where the renter takes possession of the car, to receive any change in the rental agreement from the renter.

(2) (A) This subdivision is not effective unless the employee designated pursuant to subparagraph (E) of paragraph (8) of subdivision (a) is actually present at the required location.

(B) This subdivision does not relieve the rental company from those disclosures that are required to be made within the text of a contract or holder in which the contract is placed; in or on an advertisement containing a rental rate; or in a telephonic, in-person, or computer-transmitted quotation or reservation.

(u) The amendments made to this section during the 2001–02 Regular Session of the Legislature do not affect litigation pending on or before January 1, 2003, alleging a violation of Section 22325 of the Business and Professions Code as it read at the time the action was commenced.

SEC. 3. Section 1936 of the Civil Code, as amended by Section 2 of Chapter 317 of the Statutes of 2004, is repealed.

CHAPTER 83

An act to amend Sections 131010, 131100, 131103, 131241, and 131285 of the Public Utilities Code, relating to transportation.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 131010 of the Public Utilities Code is amended to read:

131010. "Sponsoring agency" means a governmental agency, including a county transportation authority, that has transportation responsibilities in the county in which a retail transactions and use tax ordinance has been approved pursuant to this division.

SEC. 2. Section 131100 of the Public Utilities Code is amended to read:

131100. (a) The Legislature, by the enactment of this chapter intends a county transportation authority or the commission, pursuant to a county transportation expenditure plan adopted pursuant to Section 131055, to use any additional funds provided by this chapter to supplement existing local revenues being used for public transportation purposes listed in the plan. The Legislature further intends that the funds provided pursuant to this chapter shall not replace funds previously provided by property tax revenues for public transportation purposes. The nine-county San Francisco Bay area is further encouraged to maintain its existing commitment of local funds for public transportation purposes.

(b) Any tax revenue generated pursuant to this chapter shall be expended in the county of origin, except that tax revenue generated may be expended within and outside the county of origin if so provided in the adopted county transportation expenditure plan. However, the tax revenues may be exchanged for federal or state funds available to another county or local government for transportation purposes if the exchange will benefit the county of origin.

(c) (1) In order to receive funds from the Counties of Alameda and Contra Costa and the City and County of San Francisco pursuant to this chapter, the San Francisco Bay Area Rapid Transit District shall agree to match from federal, state, or other funds available to the district, at least as much as it receives from the additional funds provided by this chapter from those counties.

(2) The funds the district received pursuant to this chapter, and its matching funds therefor, shall be used only for capital expenditures.

SEC. 3. Section 131103 of the Public Utilities Code is amended to read:

131103. The county, in the retail transactions and use tax ordinance, shall state the nature of the tax to be imposed and shall specify the purposes for which the revenues derived from the tax will be used, and may state the membership of the county transportation authority.

SEC. 4. Section 131241 of the Public Utilities Code is amended to read:

131241. (a) The county transportation authority shall consist of the members who are elected officials as specified in the county transportation expenditure plan or in the retail transactions and use tax ordinance, and shall be appointed by each constituent local government within 45 days after the authority is created.

(b) At the first meeting of the county transportation authority, one-half of the members, and the odd-numbered member if the membership of the county transportation authority is odd-numbered, shall be selected

by lot to serve terms consisting of the remaining months of the current calendar year, if any, plus two years, and the remaining members shall be selected by lot to serve a term consisting of the remaining months of the current calendar year, if any, plus three years. Thereafter, appointments for all members shall be for two-year terms, beginning on January 1.

(c) If any member or alternate member ceases to be an elected official, that member shall cease to be a member of the county transportation authority, and another member shall be appointed for the remainder of the term by the constituent local government that that member represents.

(d) An alternate may be designated for each regular member. A regular member who, pursuant to the county transportation expenditure plan, serves by virtue of holding a specified public office, may designate a person to serve as his or her alternate. In the case of any other regular member, the appointing constituent local government may designate an alternate to the regular appointed member. The alternate's term of office shall be the same as that of the regular member. When the regular member is not present at the meeting of the authority, the alternate may act as the regular member and shall have all the rights, privileges, and responsibilities of the regular member.

SEC. 5. Section 131285 of the Public Utilities Code is amended to read:

131285. Contracts for the purchase of supplies, equipment, and materials in excess of seventy-five thousand dollars ($75,000) shall be awarded to the lowest responsible bidder after competitive bidding, except in an emergency declared by the vote of two-thirds of the voting membership of the county transportation authority.

CHAPTER 84

An act to amend Section 1704 of the Insurance Code, relating to insurance solicitors.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 1704 of the Insurance Code is amended to read:

1704. (a) Life agents, travel agents, and fire and casualty insurance agents shall not act as an agent of an insurer unless the insurer has filed with the commissioner a notice of appointment, executed by the insurer,

appointing the licensee as the insurer's agent. Every fire and casualty broker-agent acting in the capacity of an insurance solicitor shall have filed on his or her behalf with the commissioner a notice executed by an insurance agent or insurance broker appointing and agreeing to employ the solicitor as an employee within this state. Additional notices of appointment may be filed by other insurers before the license is issued and thereafter as long as the license remains in force. The authority to transact insurance given to a licensee by an insurer or fire and casualty broker-agent, as the case may be, by appointment shall be effective as of the date the notice of appointment is signed. That authority to transact shall apply to transactions occurring after that date and for the purpose of determining the insurer's or fire and casualty broker-agent's liability for acts of the appointed licensee. No notice of appointment of a life agent, fire and casualty broker-agent, or travel insurance agent shall be filed under this subdivision unless the licensee being appointed has consented to that filing. Each appointment made under this subdivision shall by its terms continue in force until:

(1) The cancellation or expiration of the license applied for or held at the time the appointment was filed.

(2) The filing of a notice of termination by the insurer or employing fire and casualty broker-agent, or by the appointed life agent, fire and casualty broker-agent, travel insurance agent, or insurance solicitor.

(b) Upon the termination of all appointments, or all endorsements naming the licensee on the license of an organization licensee, and the cancellation of the bond required pursuant to Section 1662 if acting as a broker, the permanent license shall not be canceled, but shall become inactive. It may be renewed pursuant to Section 1718. It may be reactivated at any time prior to its expiration by the filing of a new appointment pursuant to this section, Section 1707, and Section 1751.3, or the filing of a new bond pursuant to Section 1662. An inactive license shall not permit its holder to transact any insurance for which a valid, active license is required.

(c) Upon the termination of all appointments of a person licensed under a certificate of convenience, such certificate shall be canceled and shall be returned by its lawful custodian to the commissioner.

(d) A fire and casualty broker-agent appointing an insurance solicitor pursuant to this section, if a natural person, must be the holder of a permanent license to act as a fire and casualty broker-agent or the holder of a certificate of convenience so to act issued pursuant to either subdivision (a) or (b) of Section 1685. If the fire and casualty broker-agent is an organization, it must be the holder of a permanent license.

(e) The filing of an incomplete or deficient action notice with the department shall require the filing of an amended, complete action notice, together with the payment of the fee therefor specified in subdivision (n) of Section 1751.

(f) A notice of appointment appointing a solicitor may be filed by a second or subsequent fire and casualty broker-agent. The broker-agent seeking to appoint the solicitor shall enter into an agreement with all other fire and casualty broker-agents with whom the insurance solicitor has an existing appointment. The agreement shall govern how the broker-agents will determine on which fire and casualty broker-agent's behalf the solicitor is working when dealing with individuals who are customers of none of the fire and casualty broker-agents with whom the solicitor has an appointment. If the agreement does not identify which broker-agent or broker-agents are liable for the act of the solicitor, all fire and casualty broker-agents with whom the solicitor is appointed at the time of the act shall be jointly and severally liable for that act.

CHAPTER 85

An act to add Section 31682.2 to the Government Code, relating to county employees' retirement.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 31682.2 is added to the Government Code, to read:

31682.2. If the board of retirement of a county of the 13th class adopts, or has adopted, a resolution pursuant to Section 31682, then for those persons who are first employed by an employer of the system on or after January 1, 2006, the vested supplemental benefit shall be paid only to a retiree who has accrued a minimum of five years' service credit in the system as a result of employment with the employer, except that a member who receives a disability retirement that is service connected is not subject to the five-year service requirement.

CHAPTER 86

An act to amend Sections 4002, 4004, 4108, and 10510 of the Elections Code, relating to elections.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 4002 of the Elections Code is amended to read:

4002. Notwithstanding Section 4000, a special district may conduct its elections by mail in accordance with Sections 1500, 4104, 4105, and 4108.

SEC. 2. Section 4004 of the Elections Code is amended to read:

4004. (a) "Small city" means a city with a population of 100,000 or less, as determined by the annual city total population rankings by the Demographic Research Unit of the Department of Finance.

(b) "Eligible entity" means a school district or a special district.

(c) Notwithstanding Sections 1500 and 4000, an election in a small city or an eligible entity may be conducted wholly as an all-mail ballot election, subject to the following conditions:

(1) The legislative body of the small city or the governing body of the eligible entity, by resolution, authorizes the use of mailed ballots for the election.

(2) The election is a special election to fill a vacancy in the legislative body or governing body.

(3) The election is not held on the same date as a statewide primary or general election.

(4) The election is not consolidated with any other election.

(5) The return of voted mail ballots is subject to Section 3017.

SEC. 3. Section 4108 of the Elections Code is amended to read:

4108. Notwithstanding any other provisions of law and regardless of the number of eligible voters within its boundaries a district may, by resolution of its governing board, conduct any election by all-mailed ballots pursuant to Division 4 (commencing with Section 4000).

An election conducted pursuant to this section shall be held on a date prescribed in Section 1500 or on any other date other than an established election date.

SEC. 4. Section 10510 of the Elections Code is amended to read:

10510. (a) Forms for declarations of candidacy for all district offices shall be obtained from the office of the county elections official. The county elections official may, for convenience or necessity, authorize

the district secretary to issue declarations of candidacy. The forms shall first be available on the 113th day prior to the general district election and shall be filed not later than 5 p.m. on the 88th day prior to the general district election in the office of the county elections official during regular office hours or may be filed by certified mail so that the forms reach the office of the county election official no later than the deadline for filing in that office. The county elections official shall record the date of filing upon the first page of each declaration of candidacy filed pursuant to this section. No candidate shall withdraw his or her declaration of candidacy after 5 p.m. on the 88th day prior to the general district election.

(b) Notwithstanding any other provision of law, a person shall not file nomination papers for more than one district office or term of office for the same district at the same election.

(c) On request of the district secretary, the county elections official shall provide the secretary with a copy of each declaration of candidacy filed pursuant to this section.

CHAPTER 87

An act to amend Section 47610 of, and to add Section 47610.5 to, the Education Code, relating to charter schools.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 47610 of the Education Code is amended to read:

47610. A charter school shall comply with this part and all of the provisions set forth in its charter, but is otherwise exempt from the laws governing school districts, except all of the following:

(a) As specified in Section 47611.

(b) As specified in Section 41365.

(c) All laws establishing minimum age for public school attendance.

(d) The California Building Code (Part 2 (commencing with Section 101) of Title 24 of the California Code of Regulations), as adopted and enforced by the local building enforcement agency with jurisdiction over the area in which the charter school is located.

(e) Charter school facilities shall comply with subdivision (d) by January 1, 2007.

SEC. 2. Section 47610.5 is added to the Education Code, to read:

47610.5. A charter school facility is exempt from the requirements of subdivision (d) of Section 47610 if either of the following conditions apply:

(a) The charter school facility complies with Article 3 (commencing with Section 17280) and Article 6 (commencing with Section 17365) of Chapter 3 of Part 10.5.

(b) The charter school facility is exclusively owned or controlled by an entity that is not subject to the California Building Code, including, but not limited to, the federal government.

CHAPTER 88

An act to amend Sections 11703 and 11706 of the Health and Safety Code, relating to controlled substances.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 11703 of the Health and Safety Code is amended to read:

11703. As used in this division:

(a) "Marketing of illegal controlled substances" means the possession for sale, sale, or distribution of a specified illegal controlled substance, and shall include all aspects of making such a controlled substance available, including, but not limited to, its manufacture.

(b) "Individual user of an illegal controlled substance" means the individual whose use of a specified illegal controlled substance is the basis of an action brought under this division.

(c) "Level 1 offense" means the possession for sale of less than four ounces or the sale or furnishing of less than one ounce of a specified illegal controlled substance, or the cultivation of at least 25 plants but less than 50 plants, the furnishing of more than 28.5 grams, or the possession for sale or sale of up to four pounds, of marijuana.

(d) "Level 2 offense" means the possession for sale of four ounces or more but less than eight ounces of, or the sale or furnishing of one ounce or more but less than two ounces of, a specified illegal controlled substance, or the cultivation of at least 50 but less than 75 plants, the possession for sale of four pounds or more but less than eight pounds,

or the sale or furnishing of more than one pound but less than five pounds, of marijuana.

(e) "Level 3 offense" means the possession for sale of eight ounces or more but less than 16 ounces of, or the sale or furnishing of two ounces or more but less than four ounces of, a specified illegal controlled substance, or the cultivation of at least 75 but less than 100 plants, the possession for sale of eight pounds or more but less than 16 pounds, or the sale or furnishing of more than five pounds but less than 10 pounds, of marijuana.

(f) "Level 4 offense" means the possession for sale of 16 ounces or more of, or the sale or furnishing of four ounces or more of, a specified illegal controlled substance, or the cultivation of 100 plants or more of, the possession for sale of 16 pounds of, or the sale or furnishing of more than 10 pounds of, marijuana.

(g) "Participate in the marketing of illegal controlled substances" means to transport, import into this state, sell, possess with intent to sell, furnish, administer, or give away, or offer to transport, import into this state, sell, furnish, administer, or give away a specified illegal controlled substance. "Participate in the marketing of illegal controlled substances" shall include the manufacturing of an illegal controlled substance, but shall not include the purchase or receipt of an illegal controlled substance for personal use only.

(h) "Person" means an individual, governmental entity, corporation, firm, trust, partnership, or incorporated or unincorporated association, existing under or authorized by the laws of this state, another state, or a foreign country.

(i) "Period of illegal use" means, in relation to the individual user of an illegal controlled substance, the time of the individual's first illegal use of an illegal controlled substance to the accrual of the cause of action.

(j) "Place of illegal activity" means, in relation to the individual user of an illegal controlled substance, each county in which the individual illegally possesses or uses an illegal controlled substance during the period of the individual's use of an illegal controlled substance.

(k) "Place of participation" means, in relation to a defendant in an action brought under this division, each county in which the person participates in the marketing of illegal controlled substances during the period of the person's participation in the marketing of illegal controlled substances.

(*l*) "Specified illegal controlled substance" means cocaine, phencyclidine, heroin, or methamphetamine and any other illegal controlled substance the manufacture, cultivation, importation into this state, transportation, possession for sale, sale, furnishing, administering,

or giving away of which is a violation of Section 11351, 11351.5, 11352, 11358, 11359, 11360, 11378.5, 11379.5, or 11383.

SEC. 2 Section 11706 of the Health and Safety Code is amended to read:

11706. (a) An individual user of an illegal controlled substance may not bring an action for damages caused by the use of an illegal controlled substance, except as otherwise provided in this section. An individual user of an illegal controlled substance may bring an action for damages caused by the use of an illegal controlled substance only if all of the following conditions are met:

(1) The individual personally discloses to narcotics enforcement authorities all of the information known to the individual regarding all that individual's sources of illegal controlled substances.

(2) The individual has not used an illegal controlled substance within the 30 days before filing the action.

(3) The individual continues to remain free of the use of an illegal controlled substance throughout the pendency of the action.

(b) A person entitled to bring an action under this section may seek damages only from a person who manufactured, transported, imported into this state, sold, possessed with intent to sell, furnished, administered, or gave away the specified illegal controlled substance actually used by the individual user of an illegal controlled substance.

(c) A person entitled to bring an action under this section may recover only the following damages:

(1) Economic damages, including, but not limited to, the cost of treatment, rehabilitation and medical expenses, loss of economic or educational potential, loss of productivity, absenteeism, accidents or injury, and any other pecuniary loss proximately caused by the person's use of an illegal controlled substance.

(2) Reasonable attorney fees.

(3) Costs of suit, including, but not limited to, reasonable expenses for expert testimony.

SEC. 3. The amendments of Sections 11703 and 11706 of the Health and Safety Code made by this act serve only to clarify that the manufacturing of an illegal controlled substance is included in the definitions of "marketing of illegal controlled substances" and "participate in the marketing of illegal controlled substances" and do not constitute changes in, but are declaratory of, existing law.

CHAPTER 89

An act to amend Section 23578 of the Vehicle Code, relating to vehicles.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 23578 of the Vehicle Code is amended to read:

23578. In addition to any other provision of this code, if a person is convicted of a violation of Section 23152 or 23153, the court shall consider a concentration of alcohol in the person's blood of 0.15 percent or more, by weight, or the refusal of the person to take a chemical test, as a special factor that may justify enhancing the penalties in sentencing, in determining whether to grant probation, and, if probation is granted, in determining additional or enhanced terms and conditions of probation.

CHAPTER 90

An act to add Section 429.8 to the Government Code, relating to state emblems.

[Approved by Governor July 19, 2005. Filed with Secretary of State July 19, 2005.]

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

SECTION 1. Section 429.8 is added to the Government Code, to read:

429.8. Calico is the official state silver rush ghost town.

CHAPTER 91

An act to amend the heading of Chapter 14 (commencing with Section 13400) of Division 5 of, to amend Section 13401 of, and to add Article 5.5 (commencing with Section 13446) to Chapter 14 of Division 5 of, the Business and Professions Code, and to amend Sections 384 and 740.8 of, and to add and repeal Section 901 of the Public Utilities Code, relating to energy, and making an appropriation therefor.

[Approved by Governor July 21, 2005. Filed with
Secretary of State July 21, 2005.]

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

SECTION 1. The heading of Chapter 14 (commencing with Section 13400) of Division 5 of theBusiness and Professions Code is amended to read:

CHAPTER 14. PETROLEUM AND HYDROGEN FUELS

SEC. 2. Section 13401 of theBusiness and Professions Code is amended to read:

13401. (a) "Sell" or any of its variants means attempt to sell, offer for sale or assist in the sale of, permit to be sold or offered for sale or delivery, offer for delivery, trade, barter, or expose for sale.

(b) "Manufacturer" means manufacturer, refiner, producer, or importer.

(c) "Petroleum products" means gasoline, diesel fuel, liquefied petroleum gas only when used as a motor fuel, kerosene, thinner, solvent, liquefied natural gas, pressure appliance fuel, or white gasoline, or any motor fuel, or any oil represented as engine lubricant, engine oil, lubricating or motor oil, or any oil used to lubricate transmissions, gears, or axles.

(d) "Barrel," when applied to petroleum products, consists of 42 gallons.

(e) "Oil" means motor oil, engine lubricant, engine oil, lubricating oil, or oils used to lubricate transmissions, gears, or axles.

(f) "Motor oil" means engine oil, engine lubricant, or lubricating oil.

(g) "Gasoline" means a volatile mixture of liquid hydrocarbons, generally containing small amounts of additives, suitable for use as a fuel in spark-ignition internal combustion engines.

(h) "Engine fuel" means any liquid or gaseous matter used for the generation of power in an internal combustion engine or fuel cell. "Motor fuel" means "engine fuel" when that term is used in this chapter.

(i) "Motor vehicle fuel" means any product intended for consumption in an internal combustion engine or fuel cell to produce the power to self-propel a vehicle designed for transporting persons or property on a public street or highway.

(j) "Diesel fuel" means any petroleum product offered for sale which meets the standards prescribed for diesel fuel by this chapter.

(k) "Kerosene" means any petroleum product offered for sale which meets the standards prescribed for kerosene by this chapter.

(*l*) "Fuel oil" means any petroleum product offered for sale which meets the standards prescribed for fuel oil by this chapter.

(m) "Automotive spark-ignition engine fuel" means any product used for the generation of power in a spark-ignition internal combustion engine.

(n) "Compression-ignition engine fuel" means any product used for the generation of power in a compression-ignition internal combustion engine.

(o) "Gasoline-oxygenate blend" means a fuel consisting primarily of gasoline along with a substantial amount of one or more oxygenates. For purposes of this section, "substantial amount" means more than 0.35 mass percent oxygen or, if methanol is the only oxygenate, more than 0.15 mass percent oxygen.

(p) "Oxygenate" means an oxygen-containing, ashless, organic compound such as an alcohol or ether, which can be used as a fuel or fuel supplement.

(q) "Developmental engine fuel" means any experimental automotive spark-ignition engine fuel or compression-ignition fuel which does not meet current standards established by this chapter but has characteristics which may lead to an improved fuel standard or the development of an alternative fuel standard.

(r) "Hydrogen" means a fuel composed of the chemical hydrogen intended for consumption in an internal combustion engine or fuel cell.

SEC. 3. Article 5.5 (commencing with Section 13446) is added to Chapter 14 of Division 5 of the Business and Professions Code, to read:

Article 5.5. Standards for Hydrogen

13446. On or before January 1, 2008, the department, with the concurrence of the State Air Resources Board, shall establish specifications for hydrogen fuels for use in internal combustion engines and fuel cells in motor vehicles until a standards development organization accredited by the American National Standards Institute (ANSI) formally adopts standards for hydrogen fuels for use in internal combustion engines and fuel cells in motor vehicles. The department shall then adopt by reference the latest standards established by the ANSI-accredited standards development organization for hydrogen fuel for use in internal combustion engines and fuel cells in motor vehicles, except that no specification or standard shall be less stringent than is required by state law.

SEC. 4. Section 384 of the Public Utilities Code is amended to read:

384. (a) Funds transferred to the State Energy Resources Conservation and Development Commission pursuant to this article for

purposes of public interest research, development, and demonstration shall be transferred to the Public Interest Research, Development, and Demonstration Fund, which is hereby created in the State Treasury. The fund is a trust fund and shall contain money from all interest, repayments, disencumbrances, royalties, and any other proceeds appropriated, transferred, or otherwise received for purposes pertaining to public interest research, development, and demonstration. Any appropriations that are made from the fund shall have an encumbrance period of not longer than two years, and a liquidation period of not longer than four years.

(b) Funds deposited in the Public Interest Research, Development, and Demonstration Fund may be expended for projects that serve the energy needs of both stationary and transportation purposes if the research provides an electricity ratepayer benefit.

(c) The State Energy Resources Conservation and Development Commission shall report annually to the appropriate budget committees of the Legislature on any encumbrances or liquidations that are outstanding at the time the commission's budget is submitted to the Legislature for review.

SEC. 5. Section 740.8 of the Public Utilities Code is amended to read:

740.8. As used in Section 740.3, "interests" of ratepayers, short- or long-term, mean direct benefits that are specific to ratepayers in the form of safer, more reliable, or less costly gas or electrical service, consistent with Section 451, and activities that benefit ratepayers and that promote energy efficiency, reduction of health and environmental impacts from air pollution, and greenhouse gas emissions related to electricity and natural gas production and use, and increased use of alternative fuels.

SEC. 6. Section 901 is added to the Public Utilities Code, to read:

901. (a) Funds allocated pursuant to this article for public interest energy research and development shall be administered by the Energy Resources Conservation and Development Commission consistent with orders and decisions adopted by the commission.

(b) One half of funds allocated pursuant to this article for natural gas public interest energy research and development shall be expended pursuant to a strategic research plan jointly developed by the state Air Resources Board and the Energy Resources Conservation and Development Commission to ensure coordination of the state's energy and environmental research priorities. The plan shall be submitted for review and approval to the commission.

(c) Up to one-third of the funds allocated pursuant to this article may be used for transportation related public interest energy research and

development provided the research provides natural gas ratepayer benefits and those benefits are identified in the plan.

(d) Funds allocated in subdivisions (b) and (c) shall not be used for the California Hydrogen Blueprint Plan.

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

SEC. 7. (a) The sum of six million five hundred thousand dollars ($6,500,000) is hereby appropriated from the Motor Vehicle Account to the State Air Resources Board to fund the state's share of the following activities:

(1) The establishment of up to three demonstration hydrogen fueling stations in the state. Each station shall provide public access, shall meet or exceed the environmental goals of the California Hydrogen Blueprint Plan, and shall use renewable energy, such as solar energy, to produce and dispense hydrogen, or combine fuel dispensing with electricity generation to power the station. As a condition of receipt of the funds, the State Air Resources Board shall require that each station be open to the public during convenient hours, encourage station locations that provide a convenient network for hydrogen fueling, encourage innovation in design, recognize appropriate buffer zones between station location and sensitive receptors, as indicated in public meetings and workshops held pursuant to paragraphs (1) and (2) of subdivision (d), and mitigate any adverse impacts on affected neighborhoods.

(2) The leasing by the state of a diverse fleet of up to 12 hydrogen-powered vehicles, and the purchase of up to two hydrogen internal combustion engine vehicles such as shuttle buses for use in university or airport shuttle operations. These vehicles shall demonstrate the viability and functionality of hydrogen as a transportation fuel and of hydrogen powered vehicle technology.

(3) The employment of support staff on a two-year, limited term basis, to implement this section and to implement the activities required pursuant to Chapter 14 (commencing with Section 13400) of Division 5 of the Business and Professions Code.

(b) The activities funded pursuant to this section shall contribute to the achievement of the following energy and environmental goals by 2010:

(1) A 30 percent reduction in greenhouse gas emissions relative to comparable emissions from current-year vehicles.

(2) The utilization of at least 33 percent new renewable resources in the production of hydrogen for vehicles.

(3) No increase in toxic or smog-forming emissions.

(c) Projects and vehicle leases entered into pursuant to this section shall be selected through a duly-noticed public bidding process.

(d) Prior to expending funds pursuant to this section, the State Air Resources Board shall do all of the following:

(1) Hold at least one public meeting of the CAL-EPA Environmental Justice Advisory Committee established pursuant to Section 72002 of the Public Resources Code to solicit that committee's input on the appropriate siting criteria and location of hydrogen fueling stations and production facilities to address any environmental justice concerns.

(2) Hold at least one public workshop in each of the northern, central, and southern regions of the state for the purposes of accepting public testimony and input on hydrogen production and fueling bid criteria, and siting and location criteria.

(3) Develop and adopt appropriate siting criteria consistent with the board's Air Quality and Land Use Handbook. In developing these criteria, the board shall consider input from public meetings and workshops conducted pursuant to paragraphs (1) and (2).

(4) At least 30 days prior to the adoption of any siting criteria, or specific locations, for projects funded pursuant to this section, make available to the public those siting criteria and locations for review and comment.

(e) The California Environmental Protection Agency, in conjunction with the State Air Resources Board, the Office of Environmental Health Hazard Assessment, and any other appropriate state entity, shall report to the Legislature every six months on implementation of this section, including the status of funds expended and compliance with the provisions of this section.

(f) On or before December 31, 2006, the State Air Resources Board shall report to the Legislature on the status of transportation-related hydrogen activities in other states, including a discussion of siting criteria and the selection of actual sites, the impact of hydrogen highway infrastructure and activities on the affected communities and neighborhoods, and the development of hydrogen related business activity in California. The report may include recommendations regarding the continued deployment of hydrogen fueling stations in the state.

(g) Nothing in this section shall affect any requirement of law or regulation affecting the siting, construction, or operation of facilities funded pursuant to this section.

(h) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs

that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 92

An act to amend Section 8899.15 of, and to repeal Sections 8899.23, 8899.25, and 8899.26 of, the Government Code, relating to seismic safety, and making an appropriation therefor.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 8899.15 of the Government Code is amended to read:

8899.15. The Seismic Safety Commission shall develop a final five-year statewide earthquake research plan as part of its five-year hazard reduction plan. The findings made by the EREC shall be incorporated into the plan.

The plan shall contain appropriate strategies to receive additional federal funding in order to implement the plan.

SEC. 2. Section 8899.23 of the Government Code is repealed.

SEC. 3. Section 8899.25 of the Government Code is repealed.

SEC. 4. Section 8899.26 of the Government Code is repealed.

SEC. 5. The Controller shall transfer any funds remaining in the Alfred E. Alquist Earthquake Fund to the Seismic Safety Account in the Insurance Fund, created pursuant to Section 12975.9 of the Insurance Code, which amount is hereby appropriated to the Seismic Safety Commission for expenditure in the 2005–06 fiscal year.

CHAPTER 93

An act to amend Section 11226 of the Business and Professions Code, relating to real estate, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 21, 2005. Filed with
Secretary of State July 21, 2005.]

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

SECTION 1. Section 11226 of the Business and Professions Code is amended to read:

11226. (a) Any person who, to any individual located in the state, sells, offers to sell, or attempts to solicit prospective purchasers to purchase a time-share interest, or any person who creates a time-share plan with an accommodation in the state, shall register the time-share plan with the commissioner, unless the time-share plan is otherwise exempt under this chapter.

(b) A developer, or any of its agents, shall not sell, offer, or dispose of a time-share interest in the state unless all necessary registration requirements are provided and approved by the commissioner, or the sale, offer, or disposition is otherwise permitted by this chapter, or while an order revoking or suspending a registration is in effect.

(c) In registering a time-share plan, the developer shall provide all of the following information:

(1) The developer's legal name, any assumed names used by the developer, principal office street address, mailing address, primary contact person, and telephone number.

(2) The name of the developer's authorized or registered agent in the state upon whom claims can be served or service of process be had, the agent's street address in California, and telephone number.

(3) The name, street address, mailing address, primary contact person, and telephone number of any time-share plan being registered.

(4) The name, street address, mailing address, and telephone number of any managing entity of the time-share plan.

(5) A public report that complies with the requirements of Section 11234 or for a time-share plan located outside of the state a public report that has been authorized for use by the situs state regulatory agency and that contains disclosures as determined by the commissioner upon review to be substantially equivalent to or greater than the information required to be disclosed pursuant to Section 11234.

(6) A description of the inventory control system that will ensure compliance with Section 11250.

(7) Any other information regarding the developer, time-share plan, or managing entities as established by regulation.

(d) An applicant for a public report for a time-share plan shall present evidence of the following for each accommodation in each time-share

property that is, or will be, offered for sale in this state pursuant to the registration:

(1) That the accommodation is presently suitable for human occupancy or that financial arrangements have been made to complete construction or renovation of the accommodation to make it suitable for human occupancy on or before the first date for occupancy by a time-share interest owner.

(2) That the accommodation is owned or leased by the developer of the time-share plan or is the subject of an enforceable option or contract under which the developer will build, purchase, or lease the accommodation. Notwithstanding this subdivision, the developer shall present evidence prior to the receipt of a final public report that the accommodation to be sold is owned or leased by the developer and that the accommodation is free and clear of encumbrances in accordance with Sections 11244 and 11255.

(e) If an accommodation in a time-share plan is located within a local governmental jurisdiction or subdivision of real property in which the dedication of accommodations to time-sharing is expressly prohibited by ordinance or recorded restriction, either absolutely or without a permit or other entitlement from the governing body, the applicant for a public report shall present evidence of a permit or other entitlement by the appropriate authority for the local government or the subdivision.

(f) (1) The developer shall amend or supplement its disclosure documents and registration information, to reflect any material change in any information required by this chapter or the regulations implementing this chapter. The developer shall notify the commissioner of the material change prior to implementation of the change, unless the change is beyond the control of the developer; in which event, the developer shall provide written notice to the commissioner as soon as reasonably practicable after the occurrence of the event necessitating the change. All amendments, supplements, and facts relevant to the material change shall be filed with the commissioner within 20 calendar days of the material change.

(2) The developer may continue to sell time-share interests in the time-share plan so long as, prior to closing, the developer provides a notice to each purchaser that describes the material change and provides to each purchaser the previously approved public report.

(A) If the change is material and adverse to the purchaser, all purchaser funds shall be held in escrow, or pursuant to alternative assurances permitted by subdivision (c) of Section 11243, and no closing shall occur until the amendment relating to the material and adverse change has been approved by the commissioner. After the amendment relating to the material and adverse change has been approved and the amended

public report has been issued, the amended public report shall be sent to the purchaser, and an additional seven-day rescission period shall commence. The developer shall be required to maintain evidence of the receipt by each such purchaser of the amended public report.

(B) If the commissioner refuses to approve the amendment relating to the material and adverse change, all sales made using the notice shall be subject to rescission and all funds returned.

(3) The developer shall update the public report to reflect any changes to the time-share plan that are not material and adverse, including the addition of any component sites, within a reasonable time, and may continue to sell and close time-share interests prior to the date that the amended public report is approved.

(g) An applicant for a public report for a multisite, time-share plan consisting of specific time-share interests, as defined in subparagraph (A) of paragraph (2) of subdivision (z) of Section 11212, affiliated with sites operated through the time-share plan's reservation system, shall certify both of the following:

(1) That a purchaser has, or will have, contractual or membership rights to use accommodations at each affiliated site and that, if an accommodation or promised improvement is, or may become, subject to a blanket encumbrance, that the blanket encumbrance is, or will be, subordinate to these rights.

(2) That a certificate of occupancy has been issued with respect to the accommodations at each affiliated site or that adequate provisions exist or will exist for the completion of all such accommodations. For any affiliated site accommodations that are not complete, the public report shall clearly identify in conspicuous type that those accommodations are not completed. For any accommodations that are not complete and for which adequate provisions for completion do not exist at the time the public report is issued, the public report shall also provide in conspicuous type that those accommodations might not be built, provided, however, that a developer's failure to build the accommodations shall not relieve the developer of any obligations created by the certification made pursuant to this subdivision.

(h) For purposes of subdivision (d) of this section, the "time-share property being offered for sale in this state" shall mean the following:

(1) With respect to a single site time-share plan, the time-share property being registered pursuant to this chapter.

(2) With respect to a specific time-share interest multisite time-share plan, the specific time-share property being registered pursuant to this chapter.

(3) With respect to a nonspecific time-share interest multisite time-share plan, all time-share properties in the time-share plan.

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:

Assembly Bill 2252 of the 2003–04 Regular Session passed the Legislature and was signed by the Governor with an implementation date of July 1, 2005. In order to correct a technical error contained in that measure prior to its effective date, it is necessary that the provisions of this act take effect immediately.

CHAPTER 94

An act to amend Section 14860 of the Financial Code, relating to credit unions.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 14860 of the Financial Code is amended to read:

14860. Except as provided in this section and Part 2 (commencing with Section 5100) of Division 5 of the Probate Code, no credit union shall exercise trust powers except upon qualifying as a trust company pursuant to Division 1 (commencing with Section 99).

(a) Notwithstanding any other provisions of law relating to trusts and trust authority, subject to the regulations of the commissioner, a credit union may act as a trustee or custodian, and may receive reasonable compensation for so acting, under any written trust instrument or custodial agreement created or organized in the United States which is a part of a pension, education, or medical plan for its members or groups or organizations of its members, which qualifies or has qualified for specific tax treatment under Section 220, 223, 401, 408, 408A, 457, or 530 of the Internal Revenue Code, Title 26 of the United States Code, or any deferred compensation plan for the benefit of the credit union's employees, provided the funds received pursuant to these plans are invested as provided in Section 16040 of the Probate Code. All funds held by a credit union as trustee or in a custodial capacity shall be maintained in accordance with applicable laws and rules and regulations as may be promulgated by the Secretary of Labor, the Secretary of the Treasury, or any other authority exercising jurisdiction over the trust or

custodial accounts. The credit union shall maintain individual records for each participant or beneficiary that show in detail all transactions relating to the funds of each participant or beneficiary.

The trust instrument or agreement shall provide for the appointment of a successor trustee or custodian by a person, committee, corporation, or organization other than the credit union or any person acting in his or her capacity as a director, employee, or agent of the credit union, upon notice from the credit union or the commissioner that the credit union is unwilling or unable to continue to act as trustee or custodian.

(b) Shares may be issued in a revocable or irrevocable trust subject to the following:

(1) When shares are issued in a revocable trust, the settlor shall be a member of the credit union issuing the shares in his or her own right. If the trust has joint settlers, who are husband and wife, then only one settlor need be a member of the credit union.

(2) When shares are issued in an irrevocable trust, the settlor or the beneficiary shall be a member of this credit union in his or her own right. For purposes of this section, shares issued pursuant to a pension plan authorized by this section shall be treated as an irrevocable trust unless otherwise indicated in rules and regulations issued by the commissioner.

(3) This subdivision does not apply to trust accounts established prior to the effective date of this subdivision.

CHAPTER 95

An act to add Section 1033.5 to the Insurance Code, relating to insolvency.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 1033.5 is added to the Insurance Code, to read:

1033.5. (a) The purpose of this section is to clarify the rights and obligations of policyholders, claimants, guaranty funds, including the California Insurance Guarantee Association, and the liquidator with respect to a deductible agreement entered into between a policyholder and an insurer subject to liquidation proceedings under this article. These arrangements are commonly referred to as "large deductible" policies or programs, even though the actual amount of the deductible can vary significantly and may not be in fact large in amount. Deductible amounts

under these arrangements may vary from as little as five thousand dollars ($5,000) to as much as $1,000,000 or more. This section shall be construed such that the claim payment obligations of the guaranty associations, including the California Insurance Guarantee Association, in total arising from deductible agreements will be substantially equivalent to those of the insurer, except as provided otherwise in each guaranty association's enabling statute, including that of the California Insurance Guarantee Association, had the insurer continued in business and not become subject to a liquidation proceeding.

(b) Notwithstanding any other provision of law or contract to the contrary, any collateral held by or for the benefit of, or assigned to, the insurer or the liquidator to secure the obligations of a policyholder under a deductible agreement and any reimbursement payments to the liquidator under a deductible agreement shall be considered property of the liquidated company, but shall not be general assets of the liquidated company. The liquidator shall maintain, administer, and distribute all such collateral and deductible reimbursement payments only as provided in this section.

(c) If a claim that is subject to a deductible agreement and secured by collateral is not covered by a guaranty association or the California Insurance Guarantee Association and the policyholder is unwilling or unable to take over the handling and payment of the noncovered claims, the liquidator shall adjust and pay the noncovered claims utilizing the collateral, but only to the extent the available collateral, after allocation under subdivision (d), is sufficient to pay all outstanding and anticipated claims. If the collateral is exhausted and the policyholder is not able to provide funds to pay the remaining claims within the deductible after all reasonable means of collection against the policyholder have been exhausted, the remaining claims shall be claims against the insurer's estate, subject to the other provisions of this article regarding the filing and allowance of claims. When the liquidator determines that the collateral is insufficient to pay all additional and anticipated claims, the liquidator may file a plan for equitably allocating the collateral among claimants, subject to court approval.

(d) (1) To the extent that the liquidator holds collateral provided by a policyholder that was obtained to secure a deductible agreement and to secure other obligations of the policyholder to pay the insurer, directly or indirectly, amounts that become assets of the estate, such as reinsurance obligations under a captive reinsurance program or adjustable premium obligations under a retrospectively rated insurance policy or where the premium due is subject to adjustment based upon actual loss experience, the liquidator shall equitably allocate the collateral among

those obligations and administer the collateral allocated to the deductible agreement pursuant to this section.

(2) With respect to the collateral allocated to obligations under the deductible agreement, if the collateral secured reimbursement obligations under more than one line of insurance, then the collateral shall be equitably allocated among the various lines based upon the estimated ultimate exposure within the deductible amount for each line.

(3) The liquidator shall inform the guaranty associations or the California Insurance Guarantee Association that is or may be obligated for claims against the insurer of the method and details of each allocation made pursuant to this subdivision.

(4) The liquidator shall be entitled to deduct from the collateral or from the deductible reimbursements reasonable and actual expenses incurred in connection with the collection of the collateral and deductible reimbursements under this section.

(e) (1) Regardless of whether there is collateral, if the insolvent insurer has contractually agreed to allow the policyholder to fund its own claims within the deductible amount pursuant to a deductible agreement, either through the policyholder's own administration of its claims or through its provision of funds directly to a third-party administrator who administers the claims, the liquidator shall allow the funding arrangement to continue and, where applicable, shall enforce the arrangement to the fullest extent possible. The funding of any of these claims by the policyholder within the deductible amount, including, but not limited to, any of these claims by the policyholder or the third-party claimant, shall bar a claim for that amount in the liquidation proceeding.

(2) The funding of claims pursuant to paragraph (1) shall extinguish the obligation, if any, of a guaranty association or the California Insurance Guarantee Association to pay the claims within the deductible amount, as well as the obligation, if any, of the policyholder or third-party administrator to reimburse the guaranty association or the California Insurance Guarantee Association. No charge of any kind shall be made by the liquidator against any guaranty association or the California Insurance Guarantee Association on the basis of the policyholder funding of claims payment made pursuant to the mechanism set forth in this subdivision. The funding of these claims by the policyholders shall not limit or prejudice any right the guaranty association or the California Insurance Guarantee Association may have with respect to these claims under state law. Any policyholder that funds its own claims under the provisions of this subdivision shall provide to the guaranty association or to the California Insurance Guarantee Association all relevant information concerning the claim whenever the policyholder's reserved

liability for the claim equals or exceeds 50 percent of the deductible amount on the claim.

(f) (1) If the insurer has not contractually agreed to allow the policyholder to fund its own claims within the deductible amount, to the extent a guaranty association or the California Insurance Guarantee Association is required by applicable state law to pay any claims for which the insurer would be or would have been entitled to reimbursement from the policyholder under the terms of the deductible agreement, and to the extent the claims have not been paid by a policyholder or third party, the liquidator shall promptly bill the policyholder for the reimbursement. The policyholder shall pay that amount to the liquidator for the benefit of the California Insurance Guarantee Association or the guaranty association that paid the claims. Neither the insolvency of the insurer, nor its inability to perform any of its obligations under the deductible agreement, shall be a defense to the policyholder's reimbursement obligation under the deductible agreement.

(2) When the policyholder reimbursements pursuant to paragraph (1) are collected, the liquidator shall promptly reimburse the guaranty association or the California Insurance Guarantee Association for claims paid that were subject to the deductible. If the policyholder fails to pay the amounts due within 60 days after the bill for the reimbursements is due, the liquidator shall use the collateral to the extent necessary to reimburse the guaranty association or the California Insurance Guarantee Association, and, at the same time, may pursue other collections efforts against the policyholder. If more than one guaranty association or the California Insurance Guarantee Association has a claim against the same collateral, and the available collateral, after allocation under subdivision (d), along with billing and collection efforts, are together insufficient to pay each guaranty association or the California Insurance Guarantee Association in full, then the liquidator shall prorate payments to each guaranty association or the California Insurance Guarantee Association based upon the relationship the amount of claims each guaranty association or the California Insurance Guarantee Association has paid bears to the total of all claims paid by the guaranty association or the California Insurance Guarantee Association.

(g) (1) With respect to claim payments made by any guaranty association or the California Insurance Guarantee Association, the liquidator shall promptly provide the court, with a copy to the guaranty association or the California Insurance Guarantee Association, with a complete report of the liquidator's deductible billing and collection activities, including copies of the policyholder billings when rendered, the reimbursements collected, the available amounts and use of collateral for each policyholder, and any proration of payments when it occurs. If

the liquidator fails to make a good faith effort, within 120 days of receiving a claims payment report, to collect reimbursements due from a policyholder under a deductible agreement based on claim payments made by one or more guaranty associations or the California Insurance Guarantee Association, then the guaranty association or the California Insurance Guarantee Association may pursue collection from the policyholders directly on the same basis as the liquidator, and with the same rights and remedies, and shall report any amounts so collected from each policyholder to the liquidator. To the extent that the guaranty association or the California Insurance Guarantee Association pays claims within the deductible amount, but is not reimbursed by the liquidator under this section or by policyholder payments from the collection efforts of the guaranty association or the California Insurance Guarantee Association, the guaranty association or the California Insurance Guarantee Association shall have a claim against the insolvent insurer's estate for the unreimbursed claims payments.

(2) The liquidator shall periodically adjust the collateral being held as the claims subject to the deductible agreement are satisfied, provided that adequate collateral is maintained to secure the entire estimated ultimate obligation of the policyholder plus a reasonable safety factor, and provided further that the liquidator shall not be required to adjust the collateral more than once a year. The guaranty associations or the California Insurance Guarantee Association shall be informed of any collateral adjustment, including but not limited to, the basis for the adjustment. Once all claims covered by the collateral have been paid and the liquidator is satisfied that no new claims can be presented, the liquidator shall release any remaining collateral to the policyholder.

(h) The court having jurisdiction over the liquidation proceedings shall have jurisdiction to resolve disputes arising under this provision.

(i) Nothing in this section is intended to limit or adversely affect any right a guaranty association or the California Insurance Guarantee Association may have under applicable state law to obtain reimbursement from certain classes of policyholders for claims payments made by the guaranty association or the California Insurance Guarantee Association under policies of the insolvent insurer, or for related expenses the guaranty association or the California Insurance Guarantee Association incur.

(j) This section shall apply only with respect to insolvencies occurring on or after January 1, 2006.

(k) For purposes of this section, the following definitions apply:

(1) "Collateral" means any form of security held to secure the obligations of a policyholder under a deductible agreement with an insurer subject to an order of liquidation under this article.

(2) "Deductible agreement" means any policy, endorsement, contract, or security agreement, or a combination of any of those items, that provides for the policyholder to bear the risk of loss within a specified amount per claim or occurrence covered under a policy of insurance, and may be subject to the aggregate limit of policyholder reimbursement obligations.

(3) "Noncovered claim" means a claim that is subject to a deductible agreement and is not covered by a guaranty association or the California Insurance Guarantee Association.

(*l*) This section shall apply to claims funded by a guaranty association or the California Insurance Guarantee Association in excess of the deductible only if subdivision (e) is applicable.

SEC. 2. This act does not constitute a change in, but is declaratory of, existing law with respect to the entitlement of the California Insurance Guarantee Association to the policy deductibles of an insolvent insurer.

CHAPTER 96

An act to amend and repeal Sections 19613 and 19613.3 of the Business and Professions Code, relating to horse racing.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 19613 of the Business and Professions Code, as amended by Section 2 of Chapter 923 of the Statutes of 2002, is amended to read:

19613. (a) Except as provided in subdivisions (b), (c), (d), (e), and (f), the portion deducted for purses pursuant to this chapter shall be paid to or for the benefit of the horsemen at the racing meeting, and may include obtaining, providing, or defraying the cost of workers' compensation coverage for stable employees and jockeys of licensed trainers.

(b) Any association other than a fair that conducts a thoroughbred racing meeting shall pay to the owners' organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to owners, an amount not to exceed two-thirds of 1½ percent of the portion, and to a trainers' organization for administrative expenses and services rendered to trainers and backstretch employees an amount equivalent to one-third of 1½

percent of the portion. That association shall also pay an amount for a pension plan for backstretch personnel to be administered pursuant to Section 19613.8 equivalent to an additional 1 percent of the portion. The remainder of the portion shall be distributed as purses.

(c) Any other association may pay to the horsemen's organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to horsemen an amount out of the portion as may be determined by the association by agreement or otherwise, but, in all events, shall include, relative to a thoroughbred horsemen's organization racing, 1 percent of the portion for a pension plan for backstretch personnel pursuant to Section 19613.8. The remainder of the portion shall be distributed as purses.

(d) Notwithstanding subdivisions (b) and (c), any association conducting a fair racing meeting or conducting a mixed breed racing meeting shall pay to the horsemen's organizations contracting with the association with respect to the conduct of races for their respective breeds of horses at the meetings for administrative expenses and services rendered to their respective horsemen those amounts out of the portion as determined by the horsemen's organization for the respective breeds with the approval of the board.

Pursuant to this subdivision, amounts not to exceed 3 percent of the portion for the owners' and trainers' organizations shall be distributed to any thoroughbred owners' and trainers' organizations contracting with an association for a fair racing meeting or participating in mixed breed racing meetings as follows: two-thirds of 1 percent to the owners' organization and one-third of 1 percent to the trainers' organization for administrative expenses and services rendered to both owners and trainers, 1 percent for welfare funds, and 1 percent for a pension program for backstretch personnel, to be administered pursuant to Section 19613.8.

(e) Any association other than a fair that conducts a quarter horse racing meeting, except a mixed breed meeting, shall pay to the horsemen's organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to horsemen, an amount not to exceed 3 percent of the portion. The remainder of the portion shall be distributed as purses.

(f) For racing meetings other than thoroughbred meetings, if no contract has been signed between the association conducting the racing meeting and the organization representing the horsemen by the time the racing meeting commences, the distribution of purses shall be governed by the following:

(1) If the association conducted a racing meeting within the past 15 months and a contract was in existence for that meeting with the horsemen's organization and the association is conducting a subsequent

meeting for the same breed or mixed breeds, the amounts payable to the horsemen's organization under subdivision (c) shall be computed under the provisions of the last signed contract between the parties.

(2) This subdivision applies regardless of the cause of the failure to execute a contract, whether that failure is a result of inadvertence or otherwise.

(3) For racing meetings that do not come within paragraph (1), the board shall, within 15 days after the commencement of the racing meeting, determine the amounts payable to the horsemen's organization for administrative expenses and services, and provide for the direct payment of those amounts.

(g) Amounts distributed pursuant to this section are derived from owners' purses.

(h) For the purposes of this section, the following definitions shall apply:

(1) "Owner" means a person currently licensed by the board as an owner of a thoroughbred racehorse.

(2) "Trainer" means a person currently licensed by the board as a trainer of a thoroughbred racehorse.

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 19613 of the Business and Professions Code, as added by Section 3 of Chapter 923 of the Statutes of 2002, is repealed.

SEC. 3. Section 19613 of the Business and Professions Code, as amended by Section 9 of Chapter 62 of the Statutes of 2003, is amended to read:

19613. (a) Except as provided in subdivisions (b), (c), (d), (e), and (f), the portion deducted for purses pursuant to this chapter shall be paid to or for the benefit of the horsemen at the racing meeting, and may include obtaining, providing, or defraying the cost of workers' compensation coverage for stable employees and jockeys of licensed trainers.

(b) Any association other than a fair that conducts a thoroughbred racing meeting shall pay to the owners' organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to owners, an amount not to exceed two-thirds of 1½ percent of the portion, and to a trainers' organization for administrative expenses and services rendered to trainers and backstretch employees an amount equivalent to one-third of 1½ percent of the portion. That association shall also pay an amount for a pension plan for backstretch personnel to be administered by the trainers'

organization equivalent to an additional 1 percent of the portion. The remainder of the portion shall be distributed as purses.

(c) Any other association may pay to the horsemen's organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to horsemen an amount out of the portion as may be determined by the association by agreement or otherwise, but, in all events, shall include, relative to a thoroughbred horsemen's organization racing, 1 percent of the portion for a pension plan for the trainers' organization. The remainder of the portion shall be distributed as purses.

(d) Notwithstanding subdivisions (b) and (c), any association conducting a fair racing meeting shall pay to the horsemen's organizations contracting with the association with respect to the conduct of races for their respective breeds of horses at the meetings for administrative expenses and services rendered to their respective horsemen those amounts out of the portion as determined by the horsemen's organization for the respective breeds with the approval of the board. Pursuant to this subdivision, amounts not to exceed 3 percent of the portion for the owners' and trainers' organizations shall be distributed to any thoroughbred owners' and trainers' organizations contracting with an association for a fair racing meeting or participating in mixed breed racing meetings as follows: two-thirds of 1 percent to the owners' organization and one-third of 1 percent to the trainers' organization for administrative expenses and services rendered to both owners and trainers, 1 percent for welfare funds, and 1 percent for a pension program for backstretch personnel, to be administered by the thoroughbred trainers' organization.

(e) Any association other than a fair that conducts a quarter horse racing meeting shall pay to the horsemen's organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to horsemen, an amount not to exceed 3 percent of the portion. The remainder of the portion shall be distributed as purses.

(f) For racing meetings other than thoroughbred meetings, if no contract has been signed between the association conducting the racing meeting and the organization representing the horsemen by the time the racing meeting commences, the distribution of purses shall be governed by the following:

(1) If the association conducted a racing meeting within the past 15 months and a contract was in existence, for that meeting with the horsemen's organization and the association is conducting a subsequent meeting for the same breed or mixed breeds, the amounts payable to the

horsemen's organization under subdivision (c) shall be computed under the provisions of the last signed contract between the parties.

(2) This subdivision applies regardless of the cause of the failure to execute a contract, whether that failure is a result of inadvertence or otherwise.

(3) For racing meetings that do not come within paragraph (1), the board shall, within 15 days after the commencement of the racing meeting, determine the amounts payable to the horsemen's organization for administrative expenses and services, and provide for the direct payment of those amounts.

(g) Amounts distributed pursuant to this section are derived from owners' purses.

(h) For the purposes of this section, the following definitions shall apply:

(1) "Owner" means a person currently licensed by the board as an owner of a thoroughbred racehorse.

(2) "Trainer" means a person currently licensed by the board as a trainer of a thoroughbred racehorse.

(i) This section shall become operative on January 1, 2008.

SEC. 4. Section 19613.3 of the Business and Professions Code, as amended by Section 3 of Chapter 921 of the Statutes of 2002, is amended to read:

19613.3. (a) Except as provided in subdivision (b), (c), (d), and (e) relating to thoroughbred horsemen's organizations, each horsemen's organization, except an organization that solely represents owners, or an organization that solely represents trainers, shall provide for the representation of owners and trainers on its board of directors. The provisions setting forth the composition of the board of directors of each organization shall be in the bylaws of the organization and shall be submitted to the board. The bylaws and any changes thereto shall be approved by the board.

(b) Each thoroughbred horsemen's organization, except an organization that solely represents trainers, shall provide for the representation of owners and owner-trainers, as defined in subdivision (c), on its board of directors. The provisions setting forth the composition of the board of directors of each organization shall be in the bylaws of the organization and shall be submitted to the board. The bylaws and any changes thereto shall be approved by the board.

(c) The organization representing owners shall provide in its bylaws that owners who are also licensed as trainers, and their spouses who are licensed as owners shall comprise a class of owner-trainers, which may elect three of its members to the board of directors of the organization

representing owners. All other directors shall be owners as defined in Section 19613, and shall not be members of the class of owner-trainers.

(d) The board of directors of the thoroughbred owners' organization shall not exceed 15 persons, and all members of the board shall have equal standing. No person other than a duly elected or appointed member of the board of directors shall be entitled to vote on matters that are subject to the vote of the board.

(e) The organization representing thoroughbred trainers may, upon the effective date of this section, appoint three individuals who qualify as members of the class of owner-trainers as described in subdivision (c) to the board of directors of the organization representing thoroughbred owners. These appointees shall hold these positions until members of the class are elected to fill the positions, no later than July 1, 2003. This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

SEC. 5. Section 19613.3 of the Business and Professions Code, as added by Section 4 of Chapter 921 of the Statutes of 2002, is repealed.

CHAPTER 97

An act to amend Sections 41329.52, 41329.55, 41329.56, and 41329.57 of the Education Code, and to add Section 63049.68 to the Government Code, relating to school finance, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 41329.52 of the Education Code is amended to read:

41329.52. (a) A school district may receive a two-part financing designed to provide an advance of apportionments owed to the district from the State School Fund.

(b) The initial emergency apportionment shall be an interim loan from the General Fund to the school district. General Fund money shall not be advanced to a school district until that district agrees to obtain a lease financing as described in subdivision (c) and the bank adopts a reimbursement resolution governing the lease financing. The interim loan shall be repaid in full, with interest, from the proceeds of the lease

financing pursuant to subdivision (c) within one year of the date the district receives the initial emergency apportionment disbursement. The interest rate on the interim loan shall be the rate earned by moneys in the Pooled Money Investment Account as of the date of the initial disbursement of emergency apportionments to the school district.

(c) The school district shall enter into a lease financing with the bank for the purpose of financing the emergency apportionment, including a repayment to the General Fund of the amount advanced pursuant to subdivision (b). In addition to the emergency apportionment, the lease financing may include funds necessary for reserves, capitalized interest, credit enhancements and costs of issuance. The bank shall issue bonds for that purpose pursuant to the powers granted pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act as set forth in Division 1 (commencing with Section 63000) of Part 6.7 of the Government Code. The term of the lease shall not exceed 20 years, except that if at the end of the lease term any rent payable is not fully paid, or if the rent payable has been abated, the term of the lease shall be extended for a period not to exceed 10 years.

SEC. 2. Section 41329.55 of the Education Code is amended to read:

41329.55. (a) Simultaneous with the execution of the lease financing authorized pursuant to Section 41329.52, the bank shall provide to the Controller and the school district a notification of its lease financing. The notice shall include a schedule of rent payments to become due to the bank from the school district and identifying the bond trustee. The Controller shall make the apportionment to the bond trustee of those amounts on the dates shown on the schedule. The bank may further authorize that the apportionments be used to pay or reimburse the provider of any credit enhancement of bonds and other ongoing or periodic ancillary costs of the bond financing issued by the bank in connection with this article. The Controller shall make the apportionment only from moneys in Section A of the State School Fund designated for apportionment to the district and any apportionment authorized pursuant to this subdivision shall constitute a lien senior to any other apportionment or payment of State School Fund moneys to or for that district not made pursuant to this subdivision.

(b) The amount apportioned for a school district pursuant to this section is an allocation to the district for purposes of subdivision (b) of Section 8 of Article XVI of the California Constitution. For purposes of computing revenue limits pursuant to Section 42238 for any school district, the revenue limit for any fiscal year in which funds are apportioned for the district pursuant to this section shall include any amounts apportioned by the Controller pursuant to subdivision (a) as well as Section 41329.57.

(c) No party, including the school district or any of its creditors, shall have any claim to the money apportioned or to be apportioned to the bond trustee by the Controller pursuant to this section.

SEC. 3. Section 41329.56 of the Education Code is amended to read:

41329.56. (a) Chapter 57 of the Statutes of 1993 consolidated several previous emergency apportionments and a loan to the West Contra Costa Unified School District and specified the repayment terms of that apportionment. Chapter 14 of the Statutes of 2003 authorized an emergency apportionment to the Oakland Unified School District and specified the repayment terms of that apportionment. Collectively these are referred to in this section as "existing apportionments."

(b) Promptly after August 23, 2004, the bank shall issue separate bonds for the West Contra Costa Unified School District and the Oakland Unified School District for lease financing pursuant to Section 41329.52. The school districts shall use the proceeds to repay the existing apportionments. The terms of the leases shall not exceed 20 years, except that if at the end of the lease term any rent payable is not fully paid, or if the rent payable has been abated, the term of the lease shall be extended for a period not to exceed 10 years.

SEC. 4. Section 41329.57 of the Education Code is amended to read:

41329.57. (a) (1) Pursuant to a schedule provided to the Controller by the bank, the Controller shall transfer from Section A of the State School Fund the amount of funds necessary to pay the warrants issued pursuant to paragraph (2) so that the effective cost of the lease financing provided to the Oakland Unified School District, the Vallejo City Unified School District, and the West Contra Costa Unified School District pursuant to this article shall be equal to the cost of the original General Fund emergency loan made to each district.

(A) For the purposes of determining the cost of the original emergency loan for the West Contra Costa Unified School District, the original interest rate is the rate established pursuant to Section 41474 of 1.532 percent.

(B) For the purposes of determining the cost of the original emergency loan for the Oakland Unified School District, the original interest rate is 1.778 percent. This rate shall also apply to any disbursements of the loan pursuant to Chapter 14 of the Statutes of 2003 that are subsequent to August 23, 2004.

(C) For the purposes of determining the cost of the original emergency loan for the Vallejo City Unified School District, the original interest rate is 1.5 percent. This rate shall also apply to any disbursements of the loan pursuant to Chapter 53 of the Statutes of 2004 that are subsequent to August 23, 2004.

(2) The executive director or chair of the bank shall periodically provide a schedule to the Controller and each school district of the actual amount of the difference between the cost of the lease financing compared to the cost of the original emergency loan for each district for each year and the Controller shall issue warrants to each school district pursuant to the schedule. Payments to a district shall occur only during the term of the loan for that district and shall be made no sooner than the corresponding payments are made to the bond trustee under the lease financing for that district.

(3) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the warrants issued pursuant to paragraph (2) are "General Fund revenues appropriated to school districts," as defined in subdivision (c) of Section 41202 for the fiscal years in which the warrants are issued and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B" as defined in subdivision (e) of Section 41202, for the fiscal years in which the warrants are issued.

(b) It is the intent of the Legislature that the financing cost subsidies funded in this section not be deemed precedent nor in conflict with Section 41329.53, as these districts requested loans prior to the enactment of this article.

SEC. 5. Section 63049.68 is added to the Government Code, to read:

63049.68. The State of California pledges that (a) the state will not alter the directive to the Controller to make apportionments to the bond trustee of moneys in the State School Fund from that set forth in Section 41329.55 of the Education Code, and (b) the state will not amend or repeal subdivision (f) of Section 63049.67, in each case in any manner that would materially impair the security or other interests of holders of any bonds issued pursuant to this article. The bank is authorized to include this pledge in the bonds, or other documents entered into in connection with the bonds, as a covenant for the benefit of the bondholders.

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 address the fiscal emergencies facing school districts that have received or that are requesting an emergency apportionment from the state, it is necessary that this act take effect immediately.

CHAPTER 98

An act to amend Section 895 of the Public Utilities Code, relating to natural gas, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 21, 2005. Filed with
Secretary of State July 21, 2005.]

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

SECTION 1. Section 895 of the Public Utilities Code is amended to read:

895. Notwithstanding Section 13340 of the Government Code, funds in the Gas Consumption Surcharge Fund are continuously appropriated, without regard to fiscal years, as follows:

(a) To the commission or an entity designated by the commission to fund programs described in subdivision (a) of Section 890. If the State Energy Resources Conservation and Development Commission is designated by the commission to receive funds for public interest research and development, the State Energy Resources Conservation and Development Commission may administer the program pursuant to Chapter 7.1 (commencing with Section 25620) of Division 15 of the Public Resources Code.

(b) To pay the commission for its costs in carrying out its duties and responsibilities under this article.

(c) To pay the State Board of Equalization for its costs in administering this article.

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 improve the administrative efficiency and the delivery of services by the State Energy Resources Conservation and Development Commission to clients and customers, it is necessary that this act take effect immediately.

CHAPTER 99

An act to amend Sections 3063.5 and 11105 of the Penal Code, relating to parole revocation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 21, 2005. Filed with
Secretary of State July 21, 2005.]

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

SECTION 1. Section 3063.5 of the Penal Code is amended to read:

3063.5. In parole revocation or revocation extension proceedings, a parolee or his or her attorney shall receive a copy of any police, arrest, and crime reports, criminal history information, and child abuse reports made pursuant to Sections 11166 and 11166.2 pertaining to those proceedings. Portions of those reports containing confidential information need not be disclosed if the parolee or his or her attorney has been notified that confidential information has not been disclosed. Portions of child abuse reports made pursuant to Sections 11166 and 11166.2 containing identifying information relating to the reporter shall not be disclosed. However, the parolee or his or her attorney shall be notified that information relating to the identity of the reporter has not been disclosed.

SEC. 2. Section 11105 of the Penal Code is amended to read:

11105. (a) (1) The Department of Justice shall maintain state summary criminal history information.

(2) As used in this section:

(A) "State summary criminal history information" means the master record of information compiled by the Attorney General pertaining to the identification and criminal history of any person, such as name, date of birth, physical description, fingerprints, photographs, date of arrests, arresting agencies and booking numbers, charges, dispositions, and similar data about the person.

(B) "State summary criminal history information" does not refer to records and data compiled by criminal justice agencies other than the Attorney General, nor does it refer to records of complaints to or investigations conducted by, or records of intelligence information or security procedures of, the office of the Attorney General and the Department of Justice.

(b) The Attorney General shall furnish state summary criminal history information to any of the following, if needed in the course of their duties, provided that when information is furnished to assist an agency, officer, or official of state or local government, a public utility, or any other entity, in fulfilling employment, certification, or licensing duties, Chapter 1321 of the Statutes of 1974 and Section 432.7 of the Labor Code shall apply:

(1) The courts of the state.

(2) Peace officers of the state as defined in Section 830.1, subdivisions (a) and (e) of Section 830.2, subdivision (a) of Section 830.3, subdivisions (a) and (b) of Section 830.5, and subdivision (a) of Section 830.31.

(3) District attorneys of the state.

(4) Prosecuting city attorneys of any city within the state.

(5) Probation officers of the state.

(6) Parole officers of the state.

(7) A public defender or attorney of record when representing a person in proceedings upon a petition for a certificate of rehabilitation and pardon pursuant to Section 4852.08.

(8) A public defender or attorney of record when representing a person in a criminal case, or parole revocation or revocation extension proceeding, and if authorized access by statutory or decisional law.

(9) Any agency, officer, or official of the state if the criminal history information is required to implement a statute or regulation that expressly refers to specific criminal conduct applicable to the subject person of the state summary criminal history information, and contains requirements or exclusions, or both, expressly based upon that specified criminal conduct. The agency, officer, or official of the state authorized by this paragraph to receive state summary criminal history information may also transmit fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation.

(10) Any city or county, or city and county, or district, or any officer, or official thereof if access is needed in order to assist that agency, officer, or official in fulfilling employment, certification, or licensing duties, and if the access is specifically authorized by the city council, board of supervisors, or governing board of the city, county, or district if the criminal history information is required to implement a statute, ordinance, or regulation that expressly refers to specific criminal conduct applicable to the subject person of the state summary criminal history information, and contains requirements or exclusions, or both, expressly based upon that specified criminal conduct. The city or county, or city and county, or district, or the officer or official thereof authorized by this paragraph may also transmit fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation.

(11) The subject of the state summary criminal history information under procedures established under Article 5 (commencing with Section 11120) of Chapter 1 of Title 1 of Part 4.

(12) Any person or entity when access is expressly authorized by statute if the criminal history information is required to implement a

statute or regulation that expressly refers to specific criminal conduct applicable to the subject person of the state summary criminal history information, and contains requirements or exclusions, or both, expressly based upon that specified criminal conduct.

(13) Health officers of a city, county, or city and county, or district, when in the performance of their official duties enforcing Section 120175 of the Health and Safety Code.

(14) Any managing or supervising correctional officer of a county jail or other county correctional facility.

(15) Any humane society, or society for the prevention of cruelty to animals, for the specific purpose of complying with Section 14502 of the Corporations Code for the appointment of level 1 humane officers.

(16) Local child support agencies established by Section 17304 of the Family Code. When a local child support agency closes a support enforcement case containing summary criminal history information, the agency shall delete or purge from the file and destroy any documents or information concerning or arising from offenses for or of which the parent has been arrested, charged, or convicted, other than for offenses related to the parent's having failed to provide support for minor children, consistent with the requirements of Section 17531 of the Family Code.

(17) County child welfare agency personnel who have been delegated the authority of county probation officers to access state summary criminal history information pursuant to Section 272 of the Welfare and Institutions Code for the purposes specified in Section 16504.5 of the Welfare and Institutions Code. Information from criminal history records provided pursuant to this subdivision shall not be used for any purposes other than those specified in this section and Section 16504.5 of the Welfare and Institutions Code. When an agency obtains records obtained both on the basis of name checks and fingerprint checks, final placement decisions shall be based only on the records obtained pursuant to the fingerprint check.

(c) The Attorney General may furnish state summary criminal history information and, when specifically authorized by this subdivision, federal level criminal history information upon a showing of a compelling need to any of the following, provided that when information is furnished to assist an agency, officer, or official of state or local government, a public utility, or any other entity, in fulfilling employment, certification, or licensing duties, Chapter 1321 of the Statutes of 1974 and Section 432.7 of the Labor Code shall apply:

(1) Any public utility as defined in Section 216 of the Public Utilities Code that operates a nuclear energy facility when access is needed in order to assist in employing persons to work at the facility, provided

that, if the Attorney General supplies the data, he or she shall furnish a copy of the data to the person to whom the data relates.

(2) To a peace officer of the state other than those included in subdivision (b).

(3) To a peace officer of another country.

(4) To public officers (other than peace officers) of the United States, other states, or possessions or territories of the United States, provided that access to records similar to state summary criminal history information is expressly authorized by a statute of the United States, other states, or possessions or territories of the United States if the information is needed for the performance of their official duties.

(5) To any person when disclosure is requested by a probation, parole, or peace officer with the consent of the subject of the state summary criminal history information and for purposes of furthering the rehabilitation of the subject.

(6) The courts of the United States, other states, or territories or possessions of the United States.

(7) Peace officers of the United States, other states, or territories or possessions of the United States.

(8) To any individual who is the subject of the record requested if needed in conjunction with an application to enter the United States or any foreign nation.

(9) (A) Any public utility as defined in Section 216 of the Public Utilities Code, or any cable corporation as defined in subparagraph (B), if receipt of criminal history information is needed in order to assist in employing current or prospective employees, contract employees, or subcontract employees who, in the course of their employment may be seeking entrance to private residences or adjacent grounds. The information provided shall be limited to the record of convictions and any arrest for which the person is released on bail or on his or her own recognizance pending trial.

If the Attorney General supplies the data pursuant to this paragraph, the Attorney General shall furnish a copy of the data to the current or prospective employee to whom the data relates.

Any information obtained from the state summary criminal history is confidential and the receiving public utility or cable corporation shall not disclose its contents, other than for the purpose for which it was acquired. The state summary criminal history information in the possession of the public utility or cable corporation and all copies made from it shall be destroyed not more than 30 days after employment or promotion or transfer is denied or granted, except for those cases where a current or prospective employee is out on bail or on his or her own recognizance pending trial, in which case the state summary criminal

history information and all copies shall be destroyed not more than 30 days after the case is resolved.

A violation of this paragraph is a misdemeanor, and shall give the current or prospective employee who is injured by the violation a cause of action against the public utility or cable corporation to recover damages proximately caused by the violations. Any public utility's or cable corporation's request for state summary criminal history information for purposes of employing current or prospective employees who may be seeking entrance to private residences or adjacent grounds in the course of their employment shall be deemed a "compelling need" as required to be shown in this subdivision.

Nothing in this section shall be construed as imposing any duty upon public utilities or cable corporations to request state summary criminal history information on any current or prospective employees.

(B) For purposes of this paragraph, "cable corporation" means any corporation or firm that transmits or provides television, computer, or telephone services by cable, digital, fiber optic, satellite, or comparable technology to subscribers for a fee.

(C) Requests for federal level criminal history information received by the Department of Justice from entities authorized pursuant to subparagraph (A) shall be forwarded to the Federal Bureau of Investigation by the Department of Justice. Federal level criminal history information received or compiled by the Department of Justice may then be disseminated to the entities referenced in subparagraph (A), as authorized by law.

(D) (i) Authority for a cable corporation to request state or federal level criminal history information under this paragraph shall commence July 1, 2005.

(ii) Authority for a public utility to request federal level criminal history information under this paragraph shall commence July 1, 2005.

(10) To any campus of the California State University or the University of California, or any four-year college or university accredited by a regional accreditation organization approved by the United States Department of Education, if needed in conjunction with an application for admission by a convicted felon to any special education program for convicted felons, including, but not limited to, university alternatives and halfway houses. Only conviction information shall be furnished. The college or university may require the convicted felon to be fingerprinted, and any inquiry to the department under this section shall include the convicted felon's fingerprints and any other information specified by the department.

(d) Whenever an authorized request for state summary criminal history information pertains to a person whose fingerprints are on file with the

Department of Justice and the department has no criminal history of that person, and the information is to be used for employment, licensing, or certification purposes, the fingerprint card accompanying the request for information, if any, may be stamped "no criminal record" and returned to the person or entity making the request.

(e) Whenever state summary criminal history information is furnished as the result of an application and is to be used for employment, licensing, or certification purposes, the Department of Justice may charge the person or entity making the request a fee that it determines to be sufficient to reimburse the department for the cost of furnishing the information. In addition, the Department of Justice may add a surcharge to the fee to fund maintenance and improvements to the systems from which the information is obtained. Notwithstanding any other law, any person or entity required to pay a fee to the department for information received under this section may charge the applicant a fee sufficient to reimburse the person or entity for this expense. All moneys received by the department pursuant to this section, Sections 11105.3 and 12054 of the Penal Code, and Section 13588 of the Education Code shall be deposited in a special account in the General Fund to be available for expenditure by the department to offset costs incurred pursuant to those sections and for maintenance and improvements to the systems from which the information is obtained upon appropriation by the Legislature.

(f) Whenever there is a conflict, the processing of criminal fingerprints and fingerprints of applicants for security guard or alarm agent registrations or firearms qualification permits submitted pursuant to Section 7583.9, 7583.23, 7596.3, or 7598.4 of the Business and Professions Code shall take priority over the processing of other applicant fingerprints.

(g) It is not a violation of this section to disseminate statistical or research information obtained from a record, provided that the identity of the subject of the record is not disclosed.

(h) It is not a violation of this section to include information obtained from a record in (1) a transcript or record of a judicial or administrative proceeding or (2) any other public record if the inclusion of the information in the public record is authorized by a court, statute, or decisional law.

(i) Notwithstanding any other law, the Department of Justice or any state or local law enforcement agency may require the submission of fingerprints for the purpose of conducting summary criminal history information checks that are authorized by law.

(j) The state summary criminal history information shall include any finding of mental incompetence pursuant to Chapter 6 (commencing

with Section 1367) of Title 10 of Part 2 arising out of a complaint charging a felony offense specified in Section 290.

(k) (1) This subdivision shall apply whenever state or federal summary criminal history information is furnished by the Department of Justice as the result of an application by an authorized agency or organization and the information is to be used for peace officer employment or certification purposes. As used in this subdivision, a peace officer is defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2.

(2) Notwithstanding any other provision of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction rendered against the applicant.

(B) Every arrest for an offense for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(C) Every arrest or detention, except for an arrest or detention resulting in an exoneration, provided however that where the records of the Department of Justice do not contain a disposition for the arrest, the Department of Justice first makes a genuine effort to determine the disposition of the arrest.

(D) Every successful diversion.

(*l*) (1) This subdivision shall apply whenever state or federal summary criminal history information is furnished by the Department of Justice as the result of an application by a criminal justice agency or organization as defined in Section 13101 of the Penal Code, and the information is to be used for criminal justice employment, licensing, or certification purposes.

(2) Notwithstanding any other provision of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction rendered against the applicant.

(B) Every arrest for an offense for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(C) Every arrest for an offense for which the records of the Department of Justice do not contain a disposition or did not result in a conviction, provided that the Department of Justice first makes a genuine effort to determine the disposition of the arrest. However, information concerning an arrest shall not be disclosed if the records of the Department of Justice indicate or if the genuine effort reveals that the subject was exonerated,

successfully completed a diversion or deferred entry of judgment program, or the arrest was deemed a detention.

(m) (1) This subdivision shall apply whenever state or federal summary criminal history information is furnished by the Department of Justice as the result of an application by an authorized agency or organization pursuant to Section 1522, 1568.09, 1569.17, or 1596.871 of the Health and Safety Code, or any statute that incorporates the criteria of any of those sections or this subdivision by reference, and the information is to be used for employment, licensing, or certification purposes.

(2) Notwithstanding any other provision of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction of an offense rendered against the applicant.

(B) Every arrest for an offense for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(C) Every arrest for an offense for which the Department of Social Services is required by paragraph (1) of subdivision (a) of Section 1522 of the Health and Safety Code to determine if an applicant has been arrested. However, if the records of the Department of Justice do not contain a disposition for an arrest, the Department of Justice shall first make a genuine effort to determine the disposition of the arrest.

(3) Notwithstanding the requirements of the sections referenced in paragraph (1) of this subdivision, the Department of Justice shall not disseminate information about an arrest subsequently deemed a detention or an arrest that resulted in either the successful completion of a diversion program or exoneration.

(n) (1) This subdivision shall apply whenever state or federal summary criminal history information, to be used for employment, licensing, or certification purposes, is furnished by the Department of Justice as the result of an application by an authorized agency, organization, or individual pursuant to any of the following:

(A) Paragraph (9) of subdivision (c), when the information is to be used by a cable corporation.

(B) Section 11105.3 or 11105.4.

(C) Section 15660 of the Welfare and Institutions Code.

(D) Any statute that incorporates the criteria of any of the statutory provisions listed in subparagraph (A), (B), or (C), or of this subdivision, by reference.

(2) With the exception of applications submitted by transportation companies authorized pursuant to Section 11105.3, and notwithstanding

any other provision of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction rendered against the applicant for a violation or attempted violation of any offense specified in subdivision (a) of Section 15660 of the Welfare and Institutions Code. However, with the exception of those offenses for which registration is required pursuant to Section 290, the Department of Justice shall not disseminate information pursuant to this subdivision unless the conviction occurred within 10 years of the date of the agency's request for information or the conviction is over 10 years old but the subject of the request was incarcerated within 10 years of the agency's request for information.

(B) Every arrest for a violation or attempted violation of an offense specified in subdivision (a) of Section 15660 of the Welfare and Institutions Code for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(o) (1) This subdivision shall apply whenever state or federal summary criminal history information is furnished by the Department of Justice as the result of an application by an authorized agency or organization pursuant to Section 261 or 777.5 of the Financial Code, or any statute that incorporates the criteria of either of those sections or this subdivision by reference, and the information is to be used for employment, licensing, or certification purposes.

(2) Notwithstanding any other provision of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction rendered against the applicant for a violation or attempted violation of any offense specified in Section 777.5 of the Financial Code.

(B) Every arrest for a violation or attempted violation of an offense specified in Section 777.5 of the Financial Code for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(p) (1) This subdivision shall apply whenever state or federal criminal history information is furnished by the Department of Justice as the result of an application by an agency, organization, or individual not defined in subdivision (k), (*l*), (m), (n), or (o), or by a transportation company authorized pursuant to Section 11105.3, or any statute that incorporates the criteria of that section or this subdivision by reference, and the information is to be used for employment, licensing, or certification purposes.

(2) Notwithstanding any other provisions of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction rendered against the applicant.

(B) Every arrest for an offense for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(q) All agencies, organizations, or individuals defined in subdivisions (k), (*l*), (m), (n), (o), and (p) may contract with the Department of Justice for subsequent arrest notification pursuant to Section 11105.2. This subdivision shall not supersede sections that mandate an agency, organization, or individual to contract with the Department of Justice for subsequent arrest notification pursuant to Section 11105.2.

(r) Nothing in this section shall be construed to mean that the Department of Justice shall cease compliance with any other statutory notification requirements.

(s) The provisions of Section 50.12 of Title 28 of the Code of Federal Regulations are to be followed in processing federal criminal history information.

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 implement a pending federal court settlement in the case of Valdivia v. Schwarzenegger, and to ensure that due process is afforded to parolees during parole revocation hearings, it is necessary that this act take effect immediately.

CHAPTER 100

An act to amend Sections 16328, 16335, 16336, and 16338, and to add Sections 16336.4, 16336.5, 16336.6, and 16336.7 to, the Probate Code, relating to trusts.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 16328 of the Probate Code is amended to read:

16328. "Net income" means the total receipts allocated to income during an accounting period minus the disbursements made from income during the accounting period, plus or minus transfers under this chapter to or from income during the accounting period. During any period in which the trust is being administered as a unitrust, either pursuant to the powers conferred by Sections 16336.4 to 16336.6, inclusive, or pursuant to the terms of the governing instrument, "net income" means the unitrust amount, if the unitrust amount is no less than 3 percent and no more than 5 percent of the fair market value of the trust assets, whether determined annually or averaged on a multiple year basis.

SEC. 2. Section 16335 of the Probate Code is amended to read:

16335. (a) In allocating receipts and disbursements to or between principal and income, and with respect to any other matter within the scope of this chapter, a fiduciary:

(1) Shall administer a trust or decedent's estate in accordance with the trust or the will, even if there is a different provision in this chapter.

(2) May administer a trust or decedent's estate by the exercise of a discretionary power of administration given to the fiduciary by the trust or the will, even if the exercise of the power produces a result different from a result required or permitted by this chapter, and no inference that the fiduciary has improperly exercised the discretion arises from the fact that the fiduciary has made an allocation contrary to a provision of this chapter.

(3) Shall administer a trust or decedent's estate in accordance with this chapter if the trust or the will does not contain a different provision or does not give the fiduciary a discretionary power of administration.

(4) Shall add a receipt or charge a disbursement to principal to the extent that the trust or the will and this chapter do not provide a rule for allocating the receipt or disbursement to or between principal and income.

(b) In exercising a discretionary power of administration regarding a matter within the scope of this chapter, whether granted by a trust, a will, or this chapter, including the trustee's power to adjust under subdivision (a) of Section 16336, and the trustee's power to convert into a unitrust or reconvert or change the unitrust payout percentage pursuant to Sections 16336.4 to 16336.6, inclusive, the fiduciary shall administer the trust or decedent's estate impartially, except to the extent that the trust or the will expresses an intention that the fiduciary shall or may favor one or more of the beneficiaries. The exercise of discretion in accordance with this chapter is presumed to be fair and reasonable to all beneficiaries.

SEC. 3. Section 16336 of the Probate Code is amended to read:

16336. (a) Subject to subdivision (b), a trustee may make an adjustment between principal and income to the extent the trustee considers necessary if all of the following conditions are satisfied:

(1) The trustee invests and manages trust assets under the prudent investor rule.

(2) The trust describes the amount that shall or may be distributed to a beneficiary by referring to the trust's income.

(3) The trustee determines, after applying the rules in subdivision (a) of Section 16335, and considering any power the trustee may have under the trust to invade principal or accumulate income, that the trustee is unable to comply with subdivision (b) of Section 16335.

(b) A trustee may not make an adjustment between principal and income in any of the following circumstances:

(1) Where it would diminish the income interest in a trust (A) that requires all of the income to be paid at least annually to a spouse and (B) for which, if the trustee did not have the power to make the adjustment, an estate tax or gift tax marital deduction would be allowed, in whole or in part.

(2) Where it would reduce the actuarial value of the income interest in a trust to which a person transfers property with the intent to qualify for a gift tax exclusion.

(3) Where it would change the amount payable to a beneficiary as a fixed annuity or a fixed fraction of the value of the trust assets.

(4) Where it would be made from any amount that is permanently set aside for charitable purposes under a will or trust, unless both income and principal are so set aside.

(5) Where possessing or exercising the power to make an adjustment would cause an individual to be treated as the owner of all or part of the trust for income tax purposes, and the individual would not be treated as the owner if the trustee did not possess the power to make an adjustment.

(6) Where possessing or exercising the power to make an adjustment would cause all or part of the trust assets to be included for estate tax purposes in the estate of an individual who has the power to remove a trustee or appoint a trustee, or both, and the assets would not be included in the estate of the individual if the trustee did not possess the power to make an adjustment.

(7) Where the trustee is a beneficiary of the trust.

(8) During any period in which the trust is being administered as a unitrust pursuant to the trustee's exercise of the power to convert provided in Section 16336.4 or 16336.5, or pursuant to the terms of the governing instrument.

(c) Notwithstanding Section 15620, if paragraph (5), (6), or (7) of subdivision (b) applies to a trustee and there is more than one trustee, a cotrustee to whom the provision does not apply may make the adjustment unless the exercise of the power by the remaining trustee or trustees is not permitted by the trust.

(d) A trustee may release the entire power conferred by subdivision (a) or may release only the power to adjust from income to principal or the power to adjust from principal to income in either of the following circumstances:

(1) If the trustee is uncertain about whether possessing or exercising the power will cause a result described in paragraphs (1) to (6), inclusive, of subdivision (b).

(2) If the trustee determines that possessing or exercising the power will or may deprive the trust of a tax benefit or impose a tax burden not described in subdivision (b).

(e) A release under subdivision (d) may be permanent or for a specified period, including a period measured by the life of an individual.

(f) A trust that limits the power of a trustee to make an adjustment between principal and income does not affect the application of this section unless it is clear from the trust that it is intended to deny the trustee the power of adjustment provided by subdivision (a).

(g) In deciding whether and to what extent to exercise the power to make adjustments under this section, the trustee may consider, but is not limited to, any of the following:

(1) The nature, purpose, and expected duration of the trust.

(2) The intent of the settlor.

(3) The identity and circumstances of the beneficiaries.

(4) The needs for liquidity, regularity of income, and preservation and appreciation of capital.

(5) The assets held in the trust; the extent to which they consist of financial assets, interests in closely held enterprises, tangible and intangible personal property, or real property; the extent to which an asset is used by a beneficiary; and whether an asset was purchased by the trustee or received from the settlor.

(6) The net amount allocated to income under other statutes and the increase or decrease in the value of the principal assets, which the trustee may estimate as to assets for which market values are not readily available.

(7) Whether and to what extent the trust gives the trustee the power to invade principal or accumulate income or prohibit the trustee from invading principal or accumulating income, and the extent to which the trustee has exercised a power from time to time to invade principal or accumulate income.

(8) The actual and anticipated effect of economic conditions on principal and income and effects of inflation and deflation.

(9) The anticipated tax consequences of an adjustment.

(h) Nothing in this section or in this chapter is intended to create or imply a duty to make an adjustment, and a trustee is not liable for not considering whether to make an adjustment or for choosing not to make an adjustment.

SEC. 4. Section 16336.4 is added to the Probate Code, to read:

16336.4. (a) Unless expressly prohibited by the governing instrument, a trustee may convert a trust into a unitrust, as described in this section. A trust that limits the power of the trustee to make an adjustment between principal and income or modify the trust does not affect the application of this section unless it is clear from the governing instrument that it is intended to deny the trustee the power to convert into a unitrust.

(b) The trustee may convert a trust into a unitrust without a court order if all of the following apply:

(1) The conditions set forth in subdivision (a) of Section 16336 are satisfied.

(2) The unitrust proposed by the trustee conforms to the provisions of paragraphs (1) to (8), inclusive, of subdivision (e).

(3) The trustee gives written notice of the trustee's intention to convert the trust into a unitrust and furnishes the information required by subdivision (c). The notice shall comply with the requirements of Chapter 5 (commencing with Section 16500), including notice to a beneficiary who is a minor and to the minor's guardian, if any.

(4) No beneficiary objects to the proposed action in a writing delivered to the trustee within the period prescribed by subdivision (d) of Section 16502 or a longer period as is specified in the notice described in subdivision (c).

(c) The notice described in paragraph (3) of subdivision (b) shall include a copy of Sections 16336.4 to 16336.7, inclusive, and all of the following additional information:

(1) A statement that the trust shall be administered in accordance with the provisions of subdivision (e) and the effective date of the conversion.

(2) A description of the method to be used for determining the fair market value of trust assets.

(3) The amount actually distributed to the income beneficiary during the previous accounting year of the trust.

(4) The amount that would have been distributed to the income beneficiary during the previous accounting year of the trust had the trustee's proposed changes been in effect during that entire year.

(5) The discretionary decisions the trustee proposes to make as of the conversion date pursuant to subdivision (f).

(d) In deciding whether to exercise the power conferred by this section, a trustee may consider, among other things, the factors set forth in subdivision (g) of Section 16336.

(e) Except to the extent that the court orders otherwise or the parties agree otherwise pursuant to Section 16336.5 after a trust is converted to a unitrust, all of the following shall apply:

(1) The trustee shall make regular distributions in accordance with the governing instrument construed in accordance with the provisions of this section.

(2) The term "income" in the governing instrument shall mean an annual distribution, the unitrust amount, equal to 4 percent, which is the payout percentage, of the net fair market value of the trust's assets, whether those assets would be considered income or principal under other provisions of this chapter, averaged over the lesser of: (A) the three preceding years, or (B) the period during which the trust has been in existence.

(3) During each accounting year of the trust following its conversion into a unitrust, the trustee shall, as early in the year as is practicable, furnish each income beneficiary with a statement describing the computation of the unitrust amount for that accounting year.

(4) The trustee shall determine the net fair market value of each asset held in the trust no less often than annually. However, the following property shall not be included in determining the unitrust amount:

(A) Any residential property or any tangible personal property that, as of the first business day of the current accounting year, one or more current beneficiaries of the trust have or have had the right to occupy, or have or have had the right to possess or control, other than in his or her capacity as trustee of the trust, which property shall be administered according to other provisions of this chapter as though no conversion to a unitrust had occurred.

(B) Any asset specifically devised to a beneficiary to the extent necessary, in the trustee's reasonable judgment, to avoid a material risk of exhausting other trust assets prior to termination of the trust. All net income generated by a specifically devised asset excluded from the unitrust computation pursuant to this subdivision shall be accumulated or distributed by the trustee according to the rules otherwise applicable to that net income pursuant to other provisions of this chapter.

(C) Any asset while held in a testator's estate or a terminating trust.

(5) The unitrust amount, as otherwise computed pursuant to this subdivision, shall be reduced proportionately for any material distribution made to accomplish a partial termination of the trust required by the governing instrument or made as a result of the exercise of a power of appointment or withdrawal, other than distributions of the unitrust

amount, and shall be increased proportionately for the receipt of any material addition to the trust, other than a receipt that represents a return on investment, during the period considered in paragraph (2) in computing the unitrust amount. For the purpose of this paragraph, a distribution or an addition shall be "material" if the net value of the distribution or addition, when combined with all prior distributions made or additions received during the same accounting year, exceeds 10 percent of the value of the assets used to compute the unitrust amount as of the most recent prior valuation date. The trustee may, in the reasonable exercise of his or her discretion, adjust the unitrust amount pursuant to this subdivision even if the distributions or additions are not sufficient to meet the definition of materiality set forth in the preceding sentence.

(6) In the case of a short year in which a beneficiary's right to payments commences or ceases, the trustee shall prorate the unitrust amount on a daily basis.

(7) Unless otherwise provided by the governing instrument or determined by the trustee, the unitrust amount shall be considered paid in the following order from the following sources:

(A) From the net taxable income, determined as if the trust were other than a unitrust.

(B) From net realized short-term capital gains.

(C) From net realized long-term capital gains.

(D) From tax-exempt and other income.

(E) From principal of the trust.

(8) Expenses that would be deducted from income if the trust were not a unitrust may not be deducted from the unitrust amount.

(f) The trustee shall determine, in the trustee's discretion, all of the following matters relating to administration of a unitrust created pursuant to this section:

(1) The effective date of a conversion to a unitrust.

(2) The frequency of payments in satisfaction of the unitrust amount.

(3) Whether to value the trust's assets annually or more frequently.

(4) What valuation dates to use.

(5) How to value nonliquid assets.

(6) The characterization of the unitrust payout for income tax reporting purposes. However, the trustee's characterization shall be consistent.

(7) Any other matters that the trustee deems appropriate for the proper functioning of the unitrust.

(g) A conversion into a unitrust does not affect a provision in the governing instrument directing or authorizing the trustee to distribute principal or authorizing the exercise of a power of appointment over or withdrawal of all or a portion of the principal.

(h) A trustee may not convert a trust into a unitrust in any of the following circumstances:

(1) If payment of the unitrust amount would change the amount payable to a beneficiary as a fixed annuity or a fixed fraction of the value of the trust assets.

(2) If the unitrust distribution would be made from any amount that is permanently set aside for charitable purposes under the governing instrument and for which a federal estate or gift tax deduction has been taken, unless both income and principal are set aside.

(3) If possessing or exercising the power to convert would cause an individual to be treated as the owner of all or part of the trust for federal income tax purposes, and the individual would not be treated as the owner if the trustee did not possess the power to convert.

(4) If possessing or exercising the power to convert would cause all or part of the trust assets to be subject to federal estate or gift tax with respect to an individual, and the assets would not be subject to federal estate or gift tax with respect to the individual if the trustee did not possess the power to convert.

(5) If the conversion would result in the disallowance of a federal estate tax or gift tax marital deduction that would be allowed if the trustee did not have the power to convert.

(i) If paragraph (3) or (4) of subdivision (h) applies to a trustee and there is more than one trustee, a cotrustee to whom the provision does not apply may convert the trust unless the exercise of the power by the remaining trustee or trustees is prohibited by the governing instrument. If paragraph (3) or (4) of subdivision (h) applies to all of the trustees, the court may order the conversion as provided in subdivision (b) of Section 16336.5.

(j) A trustee may release the power conferred by this section to convert to a unitrust if (1) the trustee is uncertain about whether possessing or exercising the power will cause a result described in paragraph (3), (4), or (5) of subdivision (h), or (2) the trustee determines that possessing or exercising the power will or may deprive the trust of a tax benefit or impose a tax burden not described in subdivision (h). The release may be permanent or for a specified period, including a period measured by the life of an individual.

SEC. 5. Section 16336.5 is added to the Probate Code, to read:

16336.5. (a) The trustee may convert a trust into a unitrust upon terms other than those set forth in subdivision (e) of Section 16336.4, without court order, if all of the following apply:

(1) The conditions set forth in subdivision (a) of Section 16336 are satisfied.

(2) The trustee gives written notice of the trustee's intention to convert the trust into a unitrust and furnishes the information required by subdivision (c) of Section 16336.4. The notice shall comply with the requirements of Chapter 5 (commencing with Section 16500), including notice to a beneficiary who is a minor and to the minor's guardian, if any.

(3) The payout percentage to be adopted is at least 3 percent and no greater than 5 percent.

(4) All beneficiaries entitled to notice under Section 16501 consent in writing to the proposed action after having been furnished with the notice described in subdivision (c) of Section 16336.4.

(b) The court may order the conversion of a trust into a unitrust as provided in this subdivision.

(1) (A) The trustee may petition the court to approve the conversion to a unitrust for any one of the following reasons:

(i) A beneficiary timely objects to a proposed conversion to a unitrust.

(ii) The trustee proposes to make the conversion upon terms other than those described in subdivision (e) of Section 16336.4.

(iii) Paragraph (3) or (4) of subdivision (h) of Section 16336.4 applies to all currently acting trustees.

(iv) If the trustee determines, in its discretion, that a petition is advisable.

(B) In no event, however, may the court authorize conversion to a unitrust with a payout percentage of less than 3 percent or greater than 5 percent of the fair market value of the trust assets.

(2) A beneficiary may petition the court to order the conversion.

(3) The court shall approve the conversion proposed by the trustee or direct the conversion requested by the beneficiary if the conditions set forth in subdivision (a) of Section 16336 are satisfied and the court concludes that conversion of the trust on the terms proposed will enable the trustee to better comply with the provisions of subdivision (b) of Section 16335.

(4) In deciding whether to approve a proposed conversion or direct a requested conversion, the court may consider, among other factors, those described in subdivision (g) of Section 16336.

SEC. 6. Section 16336.6 is added to the Probate Code, to read:

16336.6. Unless expressly prohibited by the governing instrument, a trustee may reconvert the trust from a unitrust or change the payout percentage of a unitrust.

(a) The trustee may make the reconversion or change in payout percentage without a court order if all of the following conditions are satisfied:

(1) At least three years have elapsed since the most recent conversion to a unitrust.

(2) The trustee determines that reconversion or change in payout percentage would enable the trustee to better comply with the provisions of subdivision (b) of Section 16335.

(3) One of the following notice requirements is satisfied:

(A) In the case of a proposed reconversion, the trustee gives written notice of the trustee's intention to convert that complies with the requirements of Chapter 5 (commencing with Section 16500) and no beneficiary objects to the proposed action in a writing delivered to the trustee within the period prescribed by subdivision (d) of Section 16502. The trustee's notice shall include the information described in subdivision (3) and (4) of subdivision (c) of Section 16336.4.

(B) In the case of a proposed change in payout percentage, the trustee gives written notice stating the new payout percentage that the trustee proposes to adopt, which notice shall comply with the requirements of Chapter 5 (commencing with Section 16500), and no beneficiary objects to the proposed action in a writing delivered to the trustee within the period prescribed by subdivision (d) of Section 16502.

(b) The trustee may make the reconversion or change in payout percentage at any time pursuant to court order provided that: (1) the court determines that reconversion or change in payout percentage will enable the trustee to better comply with the provisions of subdivision (b) of Section 16335, and (2) in the case of a change in payout percentage, the new payout percentage is at least 3 percent and no greater than 5 percent. The court may enter an order pursuant to this subdivision upon the petition of the trustee or any beneficiary.

SEC. 7. Section 16336.7 is added to the Probate Code, to read:

16336.7. (a) Sections 16336.4 to 16336.6, inclusive, shall not impose any duty on the trustee to convert or reconvert a trust or to consider a conversion or reconversion.

(b) Subdivision (b) of Section 16503 applies to all actions pursuant to Sections 16336.4 to 16336.6, inclusive, for which notice of proposed action is given in compliance with Chapter 5 (commencing with Section 16500), including notice to a beneficiary who is a minor and to the minor's guardian, if any.

SEC. 8. Section 16338 of the Probate Code is amended to read:

16338. In a proceeding with respect to a trustee's exercise or nonexercise of the power to make an adjustment under Section 16336, the sole remedy is to direct, deny, or revise an adjustment between principal and income. In a proceeding with respect to a trustee's exercise or nonexercise of a power conferred by Sections 16336.4 to 16336.6, inclusive, the sole remedy is to obtain an order directing the trustee to

convert the trust to a unitrust, to reconvert from a unitrust, to change the distribution percentage, or to order any administrative procedures the court determines to be necessary or helpful for the proper functioning of the trust.

CHAPTER 101

An act to amend Section 263.3 of the Streets and Highways Code, relating to streets and highways.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 263.3 of the Streets and Highways Code is amended to read:

263.3. The state scenic highway system shall also include:

Route 5 from:

(a) The international boundary near Tijuana to Route 75 near the south end of San Diego Bay.

(b) San Diego opposite Coronado to Route 74 near San Juan Capistrano.

(c) Route 210 near Tunnel Station to Route 126 near Castaic.

(d) Route 152 west of Los Banos to Route 580 near Vernalis.

(e) Route 44 near Redding to the Shasta Reservoir.

(f) Route 89 near Mt. Shasta to Route 97 near Weed.

(g) Route 3 near Yreka to the Oregon state line near Hilts.

Route 8 from Sunset Cliffs Boulevard in San Diego to Route 98 near Coyote Wells.

Route 9 from:

(a) Route 1 near Santa Cruz to Route 236 near Boulder Creek.

(b) Route 236 near Boulder Creek to Route 236 near Waterman Gap.

(c) Route 236 near Waterman Gap to Route 35.

(d) Saratoga to Route 17 near Los Gatos.

(e) Blaney Plaza in Saratoga to Route 35.

Route 10 from Route 38 near Redlands to Route 62 near Whitewater.

Route 12 from Route 101 near Santa Rosa to Route 121 near Sonoma.

Route 13 from Route 24 to Route 580.

Route 14 from Route 58 near Mojave to Route 395 near Little Lake.

Route 15 from:

(a) Route 76 near the San Luis Rey River to Route 91 near Corona.

(b) Route 58 near Barstow to Route 127 near Baker.

Route 16 from Route 20 to Capay.

Route 17 from Route 1 near Santa Cruz to Route 9 near Los Gatos.

Route 18 from Route 138 near Mt. Anderson to Route 247 near Lucerne Valley.

Route 20 from:

(a) Route 1 near Fort Bragg to Route 101 near Willits.

(b) Route 101 near Calpella to Route 16.

(c) Route 49 near Grass Valley to Route 80 near Emigrant Gap.

Route 24 from the Alameda-Contra Costa county line to Route 680 in Walnut Creek.

Route 25 from Route 198 to Route 156 near Hollister.

Route 27 from Route 1 to Mulholland Drive.

Route 29 from:

(a) Route 37 near Vallejo to Route 221 near Napa.

(b) The vicinity of Trancas Street in northwest Napa to Route 20 near Upper Lake.

Route 33 from:

(a) Route 101 near Ventura to Route 150.

(b) Route 150 to Route 166 in Cuyama Valley.

(c) Route 198 near Coalinga to Route 198 near Oilfields.

Route 36 from:

(a) Route 101 near Alton to Route 3 near Peanut.

(b) Route 89 near Morgan Summit to Route 89 near Deer Creek Pass.

CHAPTER 102

An act to amend Sections 5211, 7211, 9211, and 12351 of, and to amend, repeal, and add Section 307 of, the Corporations Code, relating to corporations.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 307 of the Corporations Code is amended to read:

307. (a) Unless otherwise provided in the articles or, subject to paragraph (5) of subdivision (a) of Section 204, in the bylaws, all of the following apply:

(1) Meetings of the board may be called by the chair of the board or the president or any vice president or the secretary or any two directors.

(2) Regular meetings of the board may be held without notice if the time and place of the meetings are fixed by the bylaws or the board. Special meetings of the board shall be held upon four days' notice by mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system or by electronic transmission by the corporation (Section 20). The articles or bylaws may not dispense with notice of a special meeting. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the board.

(3) Notice of a meeting need not be given to a director who provides a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that director. These waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

(4) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of an adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

(5) Meetings of the board may be held at a place within or without the state that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, designated in the bylaws or by resolution of the board.

(6) Members of the board may participate in a meeting through use of conference telephone, electronic video screen communication, or electronic transmission by and to the corporation (Sections 20 and 21). Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through electronic transmission by and to the corporation (other than conference telephone and electronic video screen communication), pursuant to this subdivision constitutes presence in person at that meeting if both of the following apply:

(A) Each member participating in the meeting can communicate with all of the other members concurrently.

(B) Each member is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose,

or to interpose an objection to, a specific action to be taken by the corporation.

(7) A majority of the authorized number of directors constitutes a quorum of the board for the transaction of business. The articles or bylaws may not provide that a quorum shall be less than one-third the authorized number of directors or less than two, whichever is larger, unless the authorized number of directors is one, in which case one director constitutes a quorum.

(8) An act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board, subject to the provisions of Section 310 and subdivision (e) of Section 317. The articles or bylaws may not provide that a lesser vote than a majority of the directors present at a meeting is the act of the board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

(b) An action required or permitted to be taken by the board may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to that action and if the number of members of the board serving at the time constitutes a quorum. The written consent or consents shall be filed with the minutes of the proceedings of the board. For purposes of this subdivision only, "all members of the board" shall include an "interested director" as described in subdivision (a) of Section 310 or a "common director" as described in subdivision (b) of Section 310 who abstains in writing from providing consent, where the disclosures required by Section 310 have been made to the noninterested or noncommon directors, as applicable, prior to their execution of the written consent or consents, the specified disclosures are conspicuously included in the written consent or consents executed by the noninterested or noncommon directors, and the noninterested or noncommon directors, as applicable, approve the action by a vote that is sufficient without counting the votes of the interested or common directors. If written consent is provided by the directors in accordance with the immediately preceding sentence and the disclosures made regarding the action that is the subject of the consent do not comply with the requirements of Section 310, the action that is the subject of the consent shall be deemed approved, but in any suit brought to challenge the action, the party asserting the validity of the action shall have the burden of proof in establishing that the action was just and reasonable to the corporation at the time it was approved.

(c) This section applies also to committees of the board and incorporators and action by those committees and incorporators, mutatis mutandis.

(d) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 2. Section 307 is added to the Corporations Code, to read:

307. (a) Unless otherwise provided in the articles or, subject to paragraph (5) of subdivision (a) of Section 204, in the bylaws, all of the following apply:

(1) Meetings of the board may be called by the chair of the board or the president or any vice president or the secretary or any two directors.

(2) Regular meetings of the board may be held without notice if the time and place of the meetings are fixed by the bylaws or the board. Special meetings of the board shall be held upon four days' notice by mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system or by electronic transmission by the corporation (Section 20). The articles or bylaws may not dispense with notice of a special meeting. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the board.

(3) Notice of a meeting need not be given to a director who provides a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that director. These waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

(4) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of an adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

(5) Meetings of the board may be held at a place within or without the state that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, designated in the bylaws or by resolution of the board.

(6) Members of the board may participate in a meeting through use of conference telephone, electronic video screen communication, or electronic transmission by and to the corporation (Sections 20 and 21). Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting as long as all members

participating in the meeting are able to hear one another. Participation in a meeting through electronic transmission by and to the corporation (other than conference telephone and electronic video screen communication), pursuant to this subdivision constitutes presence in person at that meeting if both of the following apply:

(A) Each member participating in the meeting can communicate with all of the other members concurrently.

(B) Each member is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

(7) A majority of the authorized number of directors constitutes a quorum of the board for the transaction of business. The articles or bylaws may not provide that a quorum shall be less than one-third the authorized number of directors or less than two, whichever is larger, unless the authorized number of directors is one, in which case one director constitutes a quorum.

(8) An act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board, subject to the provisions of Section 310 and subdivision (e) of Section 317. The articles or bylaws may not provide that a lesser vote than a majority of the directors present at a meeting is the act of the board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

(b) An action required or permitted to be taken by the board may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to that action. The written consent or consents shall be filed with the minutes of the proceedings of the board. The action by written consent shall have the same force and effect as a unanimous vote of the directors.

(c) This section applies also to committees of the board and incorporators and action by those committees and incorporators, mutatis mutandis.

(d) This section shall become operative on January 1, 2011.

SEC. 3. Section 5211 of the Corporations Code is amended to read:

5211. (a) Unless otherwise provided in the articles or in the bylaws, all of the following apply:

(1) Meetings of the board may be called by the chair of the board or the president or any vice president or the secretary or any two directors.

(2) Regular meetings of the board may be held without notice if the time and place of the meetings are fixed by the bylaws or the board.

Special meetings of the board shall be held upon four days' notice by first-class mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system or by electronic transmission by the corporation (Section 20). The articles or bylaws may not dispense with notice of a special meeting. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the board.

(3) Notice of a meeting need not be given to a director who provides a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that director. These waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

(4) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of an adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

(5) Meetings of the board may be held at a place within or without the state that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, designated in the bylaws or by resolution of the board.

(6) Members of the board may participate in a meeting through use of conference telephone, electronic video screen communication or electronic transmission by and to the corporation (Sections 20 and 21). Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic transmission by and to the corporation, other than conference telephone and electronic video screen communication, pursuant to this subdivision constitutes presence in person at that meeting if both of the following apply:

(A) Each member participating in the meeting can communicate with all of the other members concurrently.

(B) Each member is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

(7) A majority of the number of directors authorized in the articles or bylaws constitutes a quorum of the board for the transaction of business. The articles or bylaws may not provide that a quorum shall be

less than one-fifth the number of directors authorized in the articles or bylaws, or less than two, whichever is larger, unless the number of directors authorized in the articles or bylaws is one, in which case one director constitutes a quorum.

(8) Subject to the provisions of Sections 5212, 5233, 5234, 5235, and subdivision (e) of Section 5238, an act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board. The articles or bylaws may not provide that a lesser vote than a majority of the directors present at a meeting is the act of the board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting, or a greater number required by this division, the articles or bylaws.

(b) An action required or permitted to be taken by the board may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to that action. The written consent or consents shall be filed with the minutes of the proceedings of the board. The action by written consent shall have the same force and effect as a unanimous vote of the directors. For purposes of this subdivision only, "all members of the board" does not include an "interested director" as defined in Section 5233.

(c) The provisions of this section apply also to incorporators, to committees of the board, and to action by those incorporators or committees mutatis mutandis.

SEC. 4. Section 7211 of the Corporations Code is amended to read:

7211. (a) Unless otherwise provided in the articles or in the bylaws, all of the following apply:

(1) Meetings of the board may be called by the chair of the board or the president or any vice president or the secretary or any two directors.

(2) Regular meetings of the board may be held without notice if the time and place of the meetings are fixed by the bylaws or the board. Special meetings of the board shall be held upon four days' notice by first-class mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system or by electronic transmission by the corporation (Section 20). The articles or bylaws may not dispense with notice of a special meeting. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the board.

(3) Notice of a meeting need not be given to a director who provided a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that director. These waivers,

consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

(4) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of an adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

(5) Meetings of the board may be held at a place within or without the state that has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, designated in the bylaws or by resolution of the board.

(6) Members of the board may participate in a meeting through use of conference telephone, electronic video screen communication, or electronic transmission by and to the corporation (Sections 20 and 21). Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic transmission by and to the corporation, other than conference telephone and electronic video screen communication, pursuant to this subdivision constitutes presence in person at that meeting if both of the following apply:

(A) Each member participating in the meeting can communicate with all of the other members concurrently.

(B) Each member is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

(7) A majority of the number of directors authorized in the articles or bylaws constitutes a quorum of the board for the transaction of business. The articles or bylaws may not provide that a quorum shall be less than one-fifth the number of directors authorized in the articles or bylaws, or less than two, whichever is larger, unless the number of directors authorized in the articles or bylaws is one, in which case one director constitutes a quorum.

(8) Subject to the provisions of Sections 7212, 7233, 7234, and subdivision (e) of Section 7237 and Section 5233, insofar as it is made applicable pursuant to Section 7238, an act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board. The articles or bylaws may not provide that a lesser vote than a majority of the directors present at a meeting is the act of the board. A meeting at which a quorum is initially

present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting, or a greater number required by this division, the articles or bylaws.

(b) An action required or permitted to be taken by the board may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to that action. The written consent or consents shall be filed with the minutes of the proceedings of the board. The action by written consent shall have the same force and effect as a unanimous vote of the directors. For purposes of this subdivision only, "all members of the board" does not include an "interested director" as defined in Section 5233, insofar as it is made applicable pursuant to Section 7238.

(c) This section applies also to incorporators, to committees of the board, and to action by those incorporators or committees mutatis mutandis.

SEC. 5. Section 9211 of the Corporations Code is amended to read:

9211. (a) Unless otherwise provided in the articles or in the bylaws, all of the following apply:

(1) Meetings of the board may be called by the chair of the board or the president or any vice president or the secretary or any two directors.

(2) Regular meetings of the board may be held without notice if the time and place of the meetings are fixed by the bylaws or the board. Special meetings of the board shall be held upon four days' notice by first-class mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system or by electronic transmission by a corporation (Section 20). The articles or bylaws may not dispense with notice of a special meeting. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the board.

(3) Notice of a meeting need not be given to a director who provided a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that director. These waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

(4) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

(5) Meetings of the board may be held at a place within or without the state that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, designated in the bylaws or by resolution of the board.

(6) Members of the board may participate in a meeting through use of conference telephone, electronic video screen communication, or electronic transmission by and to the corporation. Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic transmission by and to the corporation, other than conference telephone and electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting, if both of the following apply:

(A) Each member participating in the meeting can communicate with all of the other members concurrently.

(B) Each member is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

(7) A majority of the number of directors authorized in the articles or bylaws constitutes a quorum of the board for the transaction of business.

(8) An act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board. The articles or bylaws may not provide that a lesser vote than a majority of the directors present at a meeting is the act of the board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting, or a greater number as is required by this division, the articles or bylaws.

(b) An action required or permitted to be taken by the board may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to that action. The written consent or consents shall be filed with the minutes of the proceedings of the board. The action by written consent shall have the same force and effect as a unanimous vote of the directors.

(c) This section applies also to incorporators, to committees of the board, and to action by those incorporators or committees mutatis mutandis.

SEC. 6. Section 12351 of the Corporations Code is amended to read:

12351. (a) Unless otherwise provided in the articles or in the bylaws:

(1) Meetings of the board may be called by the chairman of the board or the president or any vice president or the secretary or any two directors.

(2) Regular meetings of the board may be held without notice if the time and place of the meetings are fixed by the bylaws or the board.

Special meetings of the board shall be held upon four days' notice by first-class mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system or by electronic transmission by the corporation (Section 20). The articles or bylaws may not dispense with notice of a special meeting. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the board.

(3) Notice of a meeting need not be given to any director who provides a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that director. All waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

(4) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

(5) Meetings of the board may be held at any place within or without the state which has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, designated in the bylaws or by resolution of the board.

(6) Members of the board may participate in a meeting through use of conference telephone, electronic video screen communication, or electronic transmission by and to the corporation (Sections 20 and 21). Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic transmission by and to the corporation, other than conference telephone and electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting if both of the following apply:

(A) Each member participating in the meeting can communicate with all of the other members concurrently.

(B) Each member is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

(7) A majority of the number of directors authorized in the articles or bylaws constitutes a quorum of the board for the transaction of business. The articles or bylaws may not provide that a quorum shall be

less than one-fifth the number of directors authorized in the articles or bylaws, or less than two, whichever is larger.

(8) Subject to the provisions of Sections 12352, 12373, 12374 and subdivision (e) of Section 12377, every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board. The articles or bylaws may not provide that a lesser vote than a majority of the directors present at a meeting is the act of the board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for the meeting, or a greater number as is required by this division, the articles or bylaws.

(b) Any action required or permitted to be taken by the board may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the board.

The action by written consent shall have the same force and effect as a unanimous vote of the directors.

SEC. 7. It is the intent of the Legislature that the provision of this act that adds the language "and if the number of members of the board serving at the time constitutes a quorum" does not constitute a change of law but instead makes a clarification to guide directors. It is also the intent of the Legislature that the provision of this act that deletes the sentence "The action by written consent shall have the same force and effect as a unanimous vote of the directors" does not constitute a change of law but instead deletes superfluous language addressed by the respective sections of law.

CHAPTER 103

An act to amend Section 226 of the Labor Code, relating to employee compensation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 226 of the Labor Code is amended to read:

226. (a) Every employer shall, semimonthly or at the time of each payment of wages, furnish each of his or her employees, either as a detachable part of the check, draft, or voucher paying the employee's wages, or separately when wages are paid by personal check or cash, an accurate itemized statement in writing showing (1) gross wages earned, (2) total hours worked by the employee, except for any employee whose compensation is solely based on a salary and who is exempt from payment of overtime under subdivision (a) of Section 515 or any applicable order of the Industrial Welfare Commission, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and his or her social security number, except that by January 1, 2008, only the last four digits of his or her social security number or an employee identification number other than a social security number may be shown on the itemized statement, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. The deductions made from payments of wages shall be recorded in ink or other indelible form, properly dated, showing the month, day, and year, and a copy of the statement or a record of the deductions shall be kept on file by the employer for at least three years at the place of employment or at a central location within the State of California.

(b) An employer that is required by this code or any regulation adopted pursuant to this code to keep the information required by subdivision (a) shall afford current and former employees the right to inspect or copy the records pertaining to that current or former employee, upon reasonable request to the employer. The employer may take reasonable steps to assure the identity of a current or former employee. If the employer provides copies of the records, the actual cost of reproduction may be charged to the current or former employee.

(c) An employer who receives a written or oral request to inspect or copy records pursuant to subdivision (b) pertaining to a current or former employee shall comply with the request as soon as practicable, but no later than 21 calendar days from the date of the request. A violation of this subdivision is an infraction. Impossibility of performance, not caused by or a result of a violation of law, shall be an affirmative defense for an employer in any action alleging a violation of this subdivision. An employer may designate the person to whom a request under this subdivision will be made.

(d) This section does not apply to any employer of any person employed by the owner or occupant of a residential dwelling whose duties are incidental to the ownership, maintenance, or use of the dwelling, including the care and supervision of children, or whose duties are personal and not in the course of the trade, business, profession, or occupation of the owner or occupant.

(e) An employee suffering injury as a result of a knowing and intentional failure by an employer to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars ($50) for the initial pay period in which a violation occurs and one hundred dollars ($100) per employee for each violation in a subsequent pay period, not exceeding an aggregate penalty of four thousand dollars ($4,000), and is entitled to an award of costs and reasonable attorney's fees.

(f) A failure by an employer to permit a current or former employee to inspect or copy records within the time set forth in subdivision (c) entitles the current or former employee or the Labor Commissioner to recover a seven-hundred-fifty-dollar ($750) penalty from the employer.

(g) An employee may also bring an action for injunctive relief to ensure compliance with this section, and is entitled to an award of costs and reasonable attorney's fees.

(h) This section does not apply to the state, to any city, county, city and county, district, or to any other governmental entity, except that if the state or a city, county, city and county, district, or other governmental entity furnishes its employees with a check, draft, or voucher paying the employee's wages, the state or a city, county, city and county, district, or other governmental entity shall, by January 1, 2008, use no more than the last four digits of the employee's social security number or shall use an employee identification number other than the social security number on the itemized statement provided with the check, draft, or voucher.

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

In order to clarify existing law governing employee compensation, it is necessary that this act take effect immediately.

CHAPTER 104

An act to amend and repeal Section 18824 of the Business and Professions Code, relating to boxing, and making an appropriation therefor.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 18824 of the Business and Professions Code, as amended by Section 18 of Chapter 183 of the Statutes of 2004, is amended to read:

18824. (a) Except as provided in Sections 18646 and 18832, every person who conducts a contest or wrestling exhibition shall, within 72 hours after the determination of every contest or wrestling exhibition for which admission is charged and received, furnish to the commission a written report executed under penalty of perjury by one of the officers, showing the amount of the gross receipts, not to exceed two million dollars ($2,000,000), and the gross price for the contest or wrestling exhibition charged directly or indirectly and no matter by whom received, for the sale, lease, or other exploitation of broadcasting and television rights of the contest or wrestling exhibition, and without any deductions, except for expenses incurred for one broadcast announcer, telephone line connection, and transmission mobile equipment facility, which may be deducted from the gross taxable base when those expenses are approved by the commission. The person shall also, within the same time, pay to the commission a fee of 5 percent, exclusive of any federal taxes paid thereon, of the amount paid for admission to the contest or wrestling exhibition, except that for any one boxing contest, the fee shall not exceed the amount of one hundred thousand dollars ($100,000), and a fee of up to 5 percent of the gross price as described above for the sale, lease, or other exploitation of broadcasting or television rights thereof, except that in no case shall the fee be less than one thousand dollars ($1,000). The minimum fee for an amateur contest or exhibition shall not be less than five hundred dollars ($500). The amount of the gross receipts upon which the fee provided for in this section is calculated

shall not include any assessments levied by the commission under Section 18711.

The fee on admission shall apply to the amount actually paid for admission and not to the regular established price.

No fee is due in the case of a person admitted free of charge. However, if the total number of persons admitted free of charge to a boxing, kickboxing, or martial arts contest or wrestling exhibition exceeds 25 percent of the total number of spectators, then a fee of one dollar ($1) per complimentary ticket or pass used to gain admission to the contest shall be paid to the commission for each complimentary ticket or pass that exceeds the numerical total of 25 percent of the total number of spectators.

(b) If the fee on admissions for any one boxing contest exceeds seventy thousand dollars ($70,000), the amount in excess of seventy thousand dollars ($70,000) shall be paid one-half to the commission and one-half to the Boxers' Pension Fund.

(c) As used in this section, "person" includes a promoter, club, individual, corporation, partnership, association, or other organization, and "wrestling exhibition" means a performance of wrestling skills and techniques by two or more individuals, to which admission is charged or which is broadcast or televised, in which the participating individuals are not required to use their best efforts in order to win, and for which the winner may have been selected before the performance commences.

SEC. 2. Section 18824 of the Business and Professions Code, as amended by Section 19 of Chapter 183 of the Statutes of 2004, 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.

CHAPTER 105

An act to amend Section 2827 of the Public Utilities Code, relating to public utilities.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 2827 of the Public Utilities Code is amended to read:

2827. (a) The Legislature finds and declares that a program to provide net energy metering for eligible customer-generators is one way to encourage substantial private investment in renewable energy resources, stimulate in-state economic growth, reduce demand for electricity during peak consumption periods, help stabilize California's energy supply infrastructure, enhance the continued diversification of California's energy resource mix, and reduce interconnection and administrative costs for electricity suppliers.

(b) As used in this section, the following definitions apply:

(1) "Electric service provider" means an electrical corporation, as defined in Section 218, a local publicly owned electric utility, as defined in Section 9604, or an electrical cooperative, as defined in Section 2776, or any other entity that offers electrical service. This section shall not apply to a local publicly owned electric utility, as defined in Section 9604 of the Public Utilities Code, that serves more than 750,000 customers and that also conveys water to its customers.

(2) "Eligible customer-generator" means a residential, small commercial customer as defined in subdivision (h) of Section 331, commercial, industrial, or agricultural customer of an electric service provider, who uses a solar or a wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than one megawatt that is located on the customer's owned, leased, or rented premises, is interconnected and operates in parallel with the electric grid, and is intended primarily to offset part or all of the customer's own electrical requirements.

(3) "Net energy metering" means measuring the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period as described in subdivision (h). Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the customer-generator, at the expense of the electric service provider, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the customer-generator pursuant to subdivision (h), or to collect solar or wind electric generating system performance information for research purposes. If the existing electrical meter of an eligible customer-generator is not capable of measuring the flow of electricity in two directions, the

customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters are installed, the net energy metering calculation shall yield a result identical to that of a single meter. An eligible customer-generator who already owns an existing solar or wind turbine electrical generating facility, or a hybrid system of both, is eligible to receive net energy metering service in accordance with this section.

(4) "Wind energy co-metering" means any wind energy project greater than 50 kilowatts, but not exceeding one megawatt, where the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period is as described in subdivision (h). Wind energy co-metering shall be accomplished pursuant to Section 2827.8.

(5) "Co-energy metering" means a program that is the same in all other respects as a net energy metering program, except that the local publicly owned electric utility, as defined in Section 9604, has elected to apply a generation-to-generation energy and time-of-use credit formula as provided in subdivision (i).

(6) "Ratemaking authority" means, for an electrical corporation as defined in Section 218, or an electrical cooperative as defined in Section 2776, the commission, and for a local publicly owned electric utility as defined in Section 9604, the local elected body responsible for regulating the rates of the local publicly owned utility.

(c) (1) (A) Every electric service provider shall develop a standard tariff providing for net energy metering, and shall make this tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until

, except as provided in subparagraph (B), the total rated generating capacity used by eligible customer-generators exceeds one-half of 1 percent of the electric service provider's aggregate customer peak demand.

(B) Notwithstanding subparagraph (A), the San Diego Gas and Electric Company shall make its standard net energy metering tariff available to eligible customer-generators until the total rated generating capacity used by eligible customer-generators within its service territory exceeds 50 megawatts.

(2) On an annual basis, beginning in 2003, every electric service provider shall make available to the ratemaking authority information on the total rated generating capacity used by eligible customer-generators that are customers of that provider in the provider's service area. For those electric service providers who are operating

pursuant to Section 394, they shall make available to the ratemaking authority the information required by this paragraph for each eligible customer-generator that is their customer for each service area of an electric corporation, local publicly owned electric utility, or electrical cooperative, in which the customer has net energy metering. The ratemaking authority shall develop a process for making the information required by this paragraph available to energy service providers, and for using that information to determine when, pursuant to paragraph (3), a service provider is not obligated to provide net energy metering to additional customer-generators in its service area.

(3) Notwithstanding paragraph (1), an electric service provider is not obligated to provide net energy metering to additional customer-generators in its service area when the combined total peak demand of all customer-generators served by all the electric service providers in that service area furnishing net energy metering to eligible customer-generators exceeds one-half of 1 percent of the aggregate customer peak demand of those electric service providers.

(d) Electric service providers shall make all necessary forms and contracts for net metering service available for download from the Internet.

(e) (1) Every electric service provider shall ensure that requests for establishment of net energy metering are processed in a time period not exceeding that for similarly situated customers requesting new electric service, but not to exceed 30 working days from the date the electric service provider receives a completed application form for net metering service, including a signed interconnection agreement from an eligible customer-generator and the electric inspection clearance from the governmental authority having jurisdiction. If an electric service provider is unable to process the request within the allowable timeframe, the electric service provider shall notify both the customer-generator and the ratemaking authority of the reason for its inability to process the request and the expected completion date.

(2) Electric service providers shall ensure that requests for an interconnection agreement from an eligible customer-generator are processed in a time period not to exceed 30 working days from the date the electric service provider receives a completed application form from the eligible customer-generator for an interconnection agreement. If an electric service provider is unable to process the request within the allowable timeframe, the electric service provider shall notify the customer-generator and the ratemaking authority of the reason for its inability to process the request and the expected completion date.

(f) (1) If a customer participates in direct transactions pursuant to paragraph (1) of subdivision (b) of Section 365 with an electric supplier

that does not provide distribution service for the direct transactions, the service provider that provides distribution service for an eligible customer-generator is not obligated to provide net energy metering to the customer.

(2) If a customer participates in direct transactions pursuant to paragraph (1) of subdivision (b) of Section 365 with an electric supplier, and the customer is an eligible customer-generator, the service provider that provides distribution service for the direct transactions may recover from the customer's electric service provider the incremental costs of metering and billing service related to net energy metering in an amount set by the ratemaking authority.

(g) Each net energy metering contract or tariff shall be identical, with respect to rate structure, all retail rate components, and any monthly charges, to the contract or tariff to which the same customer would be assigned if the customer did not use an eligible solar or wind electrical generating facility, except that eligible customer-generators shall not be assessed standby charges on the electrical generating capacity or the kilowatthour production of an eligible solar or wind electrical generating facility. The charges for all retail rate components for eligible customer-generators shall be based exclusively on the customer-generator's net kilowatthour consumption over a 12-month period, without regard to the customer-generator's choice of electric service provider. Any new or additional demand charge, standby charge, customer charge, minimum monthly charge, interconnection charge, or any other charge that would increase an eligible customer-generator's costs beyond those of other customers who are not customer-generators in the rate class to which the eligible customer-generator would otherwise be assigned if the customer did not own, lease, rent, or otherwise operate an eligible solar or wind electrical generating facility are contrary to the intent of this section, and shall not form a part of net energy metering contracts or tariffs.

(h) For eligible residential and small commercial customer-generators, the net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electric grid over a 12-month period. The following rules shall apply to the annualized net metering calculation:

(1) The eligible residential or small commercial customer-generator shall, at the end of each 12-month period following the date of final interconnection of the eligible customer-generator's system with an electric service provider, and at each anniversary date thereafter, be billed for electricity used during that period. The electric service provider

shall determine if the eligible residential or small commercial customer-generator was a net consumer or a net producer of electricity during that period.

(2) At the end of each 12-month period, where the electricity supplied during the period by the electric service provider exceeds the electricity generated by the eligible residential or small commercial customer-generator during that same period, the eligible residential or small commercial customer-generator is a net electricity consumer and the electric service provider shall be owed compensation for the eligible customer-generator's net kilowatthour consumption over that same period. The compensation owed for the eligible residential or small commercial customer-generator's consumption shall be calculated as follows:

(A) For all eligible customer-generators taking service under tariffs employing "baseline" and "over baseline" rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned to or be eligible for if the customer was not an eligible customer-generator. If those same customer-generators are net generators over a billing period, the net kilowatthours generated shall be valued at the same price per kilowatthour as the electric service provider would charge for the baseline quantity of electricity during that billing period, and if the number of kilowatthours generated exceeds the baseline quantity, the excess shall be valued at the same price per kilowatthour as the electric service provider would charge for electricity over the baseline quantity during that billing period.

(B) For all eligible customer-generators taking service under tariffs employing "time-of-use" rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned to or be eligible for if the customer was not an eligible customer-generator. When those same customer-generators are net generators during any discrete time-of-use period, the net kilowatthours produced shall be valued at the same price per kilowatthour as the electric service provider would charge for retail kilowatthour sales during that same time-of-use period. If the eligible customer-generator's time-of-use electrical meter is unable to measure the flow of electricity in two directions, paragraph (3) of subdivision (b) shall apply.

(C) For all residential and small commercial customer-generators and for each billing period, the net balance of moneys owed to the electric service provider for net consumption of electricity or credits owed to the customer-generator for net generation of electricity shall be carried forward as a monetary value until the end of each 12-month period. For

all commercial, industrial, and agricultural customer-generators the net balance of moneys owed shall be paid in accordance with the electric service provider's normal billing cycle, except that if the commercial, industrial, or agricultural customer-generator is a net electricity producer over a normal billing cycle, any excess kilowatthours generated during the billing cycle shall be carried over to the following billing period as a monetary value, calculated according to the procedures set forth in this section, and appear as a credit on the customer-generator's account, until the end of the annual period when paragraph (3) shall apply.

(3) At the end of each 12-month period, where the electricity generated by the eligible customer-generator during the 12-month period exceeds the electricity supplied by the electric service provider during that same period, the eligible customer-generator is a net electricity producer and the electric service provider shall retain any excess kilowatthours generated during the prior 12-month period. The eligible customer-generator shall not be owed any compensation for those excess kilowatthours unless the electric service provider enters into a purchase agreement with the eligible customer-generator for those excess kilowatthours.

(4) The electric service provider shall provide every eligible residential or small commercial customer-generator with net electricity consumption information with each regular bill. That information shall include the current monetary balance owed the electric service provider for net electricity consumed since the last 12-month period ended. Notwithstanding this subdivision, an electric service provider shall permit that customer to pay monthly for net energy consumed.

(5) If an eligible residential or small commercial customer-generator terminates the customer relationship with the electric service provider, the electric service provider shall reconcile the eligible customer-generator's consumption and production of electricity during any part of a 12-month period following the last reconciliation, according to the requirements set forth in this subdivision, except that those requirements shall apply only to the months since the most recent 12-month bill.

(6) If an electric service provider providing net metering to a residential or small commercial customer-generator ceases providing that electrical service to that customer during any 12-month period, and the customer-generator enters into a new net metering contract or tariff with a new electric service provider, the 12-month period, with respect to that new electric service provider, shall commence on the date on which the new electric service provider first supplies electric service to the customer-generator.

(i) Notwithstanding any other provisions of this section, the following provisions shall apply to an eligible customer-generator with a capacity of more than 10 kilowatts, but not exceeding one megawatt, that receives electrical service from a local publicly owned electric utility, as defined in Section 9604, that has elected to utilize a co-energy metering program unless the electric service provider chooses to provide service for eligible customer-generators with a capacity of more than 10 kilowatts in accordance with subdivisions (g) and (h):

(1) The eligible customer-generator shall be required to utilize a meter, or multiple meters, capable of separately measuring electricity flow in both directions. All meters shall provide "time-of-use" measurements of electricity flow, and the customer shall take service on a time-of-use rate schedule. If the existing meter of the eligible customer-generator is not a time-of-use meter or is not capable of measuring total flow of energy in both directions, the eligible customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is both time-of-use and able to measure total electricity flow in both directions. This subdivision shall not restrict the ability of an eligible customer-generator to utilize any economic incentives provided by a government agency or the electric service provider to reduce its costs for purchasing and installing a time-of-use meter.

(2) The consumption of electricity from the electric service provider shall result in a cost to the eligible customer-generator to be priced in accordance with the standard rate charged to the eligible customer-generator in accordance with the rate structure to which the customer would be assigned if the customer did not use an eligible solar or wind electrical generating facility. The generation of electricity provided to the electric service provider shall result in a credit to the eligible customer-generator and shall be priced in accordance with the generation component, established under the applicable structure to which the customer would be assigned if the customer did not use an eligible solar or wind electrical generating facility.

(3) All costs and credits shall be shown on the eligible customer-generator's bill for each billing period. In any months in which the eligible customer-generator has been a net consumer of electricity calculated on the basis of value determined pursuant to paragraph (2), the customer-generator shall owe to the electric service provider the balance of electricity costs and credits during that billing period. In any billing period in which the eligible customer-generator has been a net producer of electricity calculated on the basis of value determined pursuant to paragraph (2), the electric service provider shall owe to the eligible customer-generator the balance of electricity costs and credits during that billing period. Any net credit to the eligible

customer-generator of electricity costs may be carried forward to subsequent billing periods, provided that an electric service provider may choose to carry the credit over as a kilowatt hour credit consistent with the provisions of any applicable tariff, including any differences attributable to the time of generation of the electricity. At the end of each 12-month period, the electric service provider may reduce any net credit due to the eligible customer-generator to zero.

(j) A solar or wind turbine electrical generating system, or a hybrid system of both, used by an eligible customer-generator shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories and, where applicable, rules of the Public Utilities Commission regarding safety and reliability. A customer-generator whose solar or wind turbine electrical generating system, or a hybrid system of both, meets those standards and rules shall not be required to install additional controls, perform or pay for additional tests, or purchase additional liability insurance.

(k) If the commission determines that there are cost or revenue obligations for an electric corporation, as defined in Section 218, that may not be recovered from customer-generators acting pursuant to this section, those obligations shall remain within the customer class from which any shortfall occurred and may not be shifted to any other customer class. Net metering and co-metering customers shall not be exempt from the public benefits charge. In its report to the Legislature, the commission shall examine different methods to ensure that the public benefits charge remains a nonbypassable charge.

(*l*) A net metering customer shall reimburse the Department of Water Resources for all charges that would otherwise be imposed on the customer by the commission to recover bond-related costs pursuant to an agreement between the commission and the Department of Water Resources pursuant to Section 80110 of the Water Code, as well as the costs of the department equal to the share of the department's estimated net unavoidable power purchase contract costs attributable to the customer. The commission shall incorporate the determination into an existing proceeding before the commission, and shall ensure that the charges are nonbypassable. Until the commission has made a determination regarding the nonbypassable charges, net metering shall continue under the same rules, procedures, terms, and conditions as were applicable on December 31, 2002.

(m) In implementing the requirements of subdivisions (k) and (*l*), a customer-generator shall not be required to replace its existing meter except as set forth in paragraph (3) of subdivision (b), nor shall the

electric service provider require additional measurement of usage beyond that which is necessary for customers in the same rate class as the eligible customer-generator.

(n) On or before January 1, 2005, the commission shall submit a report to the Governor and the Legislature that assesses the economic and environmental costs and benefits of net metering to customer-generators, ratepayers, and utilities, including any beneficial and adverse effects on public benefit programs and special purpose surcharges. The report shall be prepared by an independent party under contract with the commission.

(o) It is the intent of the Legislature that the Treasurer incorporate net energy metering and co-energy metering projects undertaken pursuant to this section as sustainable building methods or distributive energy technologies for purposes of evaluating low-income housing projects.

SEC. 2. The Legislature finds and declares that, because of the unique circumstances applicable only to the territory of the San Diego Gas and Electric Company, 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.

CHAPTER 106

An act to amend Section 11007 of the Government Code, relating to state construction projects.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 11007 of the Government Code is amended to read:

11007. (a) Except as expressly authorized by law or as specifically authorized by the Director of General Services, property belonging to the state shall not be insured against risk of damage or destruction by fire, and the policies of fire insurance upon any property belonging to the state shall not be renewed. This section is not applicable to the State Compensation Insurance Fund nor to property owned by it.

(b) Notwithstanding the provisions of subdivision (a), the Director of General Services may establish a master builders' risk insurance program for all state construction projects during construction.

(c) Insurance authorized by this section shall be procured utilizing insurance procurement procedures approved by the Director of General Services.

(d) The master builders' risk insurance program established pursuant to subdivision (b) shall provide that if a master policy is issued, that policy shall require a deductible from the contractor of at least twenty-five thousand dollars ($25,000).

CHAPTER 107

An act to add Section 14682 to the Government Code, relating to state property.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

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

(a) It is not the intent of the Legislature in enacting Section 2 of this act to increase the jurisdiction of the Department of General Services over construction, facilities, or real property that is not now under the jurisdiction of the department on the date that Section 14682 of the Government Code takes effect.

(b) It is the intent of the Legislature in enacting Section 2 of this act that existing state-owned or state-leased facilities are fully utilized by state agencies before entering into new leases by the Department of General Services in order to better control office facility use by state agencies.

SEC. 2. Section 14682 is added to the Government Code, to read:

14682. (a) Final determination of the use of existing state-owned and state-leased facilities that are currently under the jurisdiction of the Department of General Services by state agencies shall be made by the Department of General Services.

(b) A request of an agency that is required to be made to and approved by the Department of General Services to acquire new facilities through lease, purchase, or construction shall first consider the utilization of existing state-owned, state-leased, or state-controlled facilities before considering the leasing of additional facilities on behalf of a state agency. If no available appropriate state facilities exist, the Department of General Services shall procure approved new facilities for the agency that meets

the agency's needs using cost efficiency as a primary criterion, among other agency-specific criteria, as applicable.

(c) When tenant state agencies located in existing state-owned or state-leased facilities vacate their premises, they shall continue paying rent for the facilities unless and until a new tenant can be assigned or until the Department of General Services can negotiate a mutual termination of the lease. If the department generates the tenant's relinquishment, or if the tenant is vacating in accordance with the provisions of its lease agreement, the tenant shall not be obligated to pay rent after vacating the premises.

CHAPTER 108

An act to add Sections 61014.5, 61029.5, 61111.1, and 61200.2 to the Government Code, relating to community services districts, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 61014.5 is added to the Government Code, to read:

61014.5. Notwithstanding Section 61014, in the case of the proposed formation of the East Garrison Community Services District, if the Local Agency Formation Commission of Monterey County finds that the affected territory contains no registered voters and no landowners that are not public agencies, the Local Agency Formation Commission of Monterey County may, as a term and condition of approving the formation, dispense with an election, complete the proceedings for the formation of the East Garrison Community Services District, and order the Board of Supervisors of the County of Monterey to designate the members of the initial board of directors pursuant to Section 61029.5.

SEC. 2. Section 61029.5 is added to the Government Code, to read:

61029.5. (a) Notwithstanding any other provision of this division, the Board of Directors of the East Garrison Community Services District shall be the Board of Supervisors of the County of Monterey, until conversion to a directly elected board of directors.

(b) The Board of Supervisors of the County of Monterey shall adopt a resolution, placing the question of having an elected board of directors on the ballot when any of the following occurs:

(1) When the registrar of voters certifies in writing that the number of voters in the East Garrison Community Services District has reached or exceeded 500.

(2) When the registrar of voters certifies in writing that the number of voters in the East Garrison Community Services District has reached or exceeded a lower number specified by the Local Agency Formation Commission of Monterey County as a term and condition of approving the formation of the East Garrison Community Services District.

(3) Ten years after the effective date of the East Garrison Community Services District's formation.

(4) The Local Agency Formation Commission of Monterey County has required, as a term and condition of approving the formation of the East Garrison Community Services District, placing the question of having an elected board of directors on the ballot in less than 10 years after the effective date of the East Garrison Community Services District's formation.

(c) At the election, the voters shall also elect members to the East Garrison Community Services District's Board of Directors. Those persons shall take office only if a majority of the voters voting upon the question of having an elected board are in favor of the question.

(d) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of the election and ballot shall contain a statement of the question.

SEC. 3. Section 61111.1 is added to the Government Code, to read:

61111.1. Notwithstanding Section 61111, in the case of the proposed formation of the East Garrison Community Services District, if the Local Agency Formation Commission of Monterey County finds that the affected territory contains no registered voters and no landowners that are not public agencies, the Local Agency Formation Commission of Monterey County may, as a term and condition of approving the formation, dispense with an election and order the Board of Supervisors of the County of Monterey to adopt the resolution required pursuant to Section 61117, and designate the members of the initial board of directors pursuant to Section 61200.2.

SEC. 4. Section 61200.2 is added to the Government Code, to read:

61200.2. (a) Notwithstanding any other provision of this division, the Board of Directors of the East Garrison Community Services District shall be the Board of Supervisors of the County of Monterey, until conversion to a directly elected board of directors.

(b) The Board of Supervisors of Monterey County shall adopt a resolution, placing the question of having an elected board of directors on the ballot when any of the following occurs:

(1) When the registrar of voters certifies in writing that the number of voters in the district has reached or exceeded 500.

(2) When the registrar of voters certifies in writing that the number of voters in the East Garrison Community Services District has reached or exceeded a lower number specified by the Local Agency Formation Commission of Monterey County as a term and condition of approving the formation of the East Garrison Community Services District.

(3) Ten years after the effective date of the East Garrison Community Services District's formation.

(4) The Local Agency Formation Commission of Monterey County has required, as a term and condition of approving the formation of the East Garrison Community Services District, placing the question of having an elected board of directors on the ballot in less than 10 years after the effective date of the East Garrison Community Services District's formation.

(c) At the election, the voters shall also elect members to the East Garrison Community Services District's Board of Directors. Those persons shall take office only if a majority of the voters voting upon the question of having an elected board are in favor of the question.

(d) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

SEC. 5. (a) If Senate Bill 135 of the 200-06 Regular Session is chaptered and takes effect on or before January 1, 2006, and that bill, as enacted, repeals and adds Division 3 (commencing with Section 61000) of Title 6 of the Government Code:

(1) Sections 3 and 4 of this bill shall remain in effect only until January 1, 2006, and as of that date are repealed.

(2) Sections 1 and 2 of this bill shall become operative on January 1, 2006.

(b) If Senate Bill 135 of the 2005-06 Regular Session is not chaptered, or, as chaptered, that bill does not repeal and add Division 3 (commencing with Section 61000) of Title 6 of the Government Code, then Sections 1 and 2 of this bill shall not become operative.

SEC. 6. 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 East Garrison area of the

County of Monterey. The facts constituting the special circumstances are:

The property in the East Garrison area of the County of Monterey is part of the former Fort Ord which has been designated by the basewide Fort Ord Reuse Plan and by the County of Monterey Redevelopment Agency Redevelopment Plan for the Fort Ord Redevelopment Project Area. This property is to be conveyed from the United States to the Fort Ord Reuse Authority and then from the Fort Ord Reuse Authority to the Redevelopment Agency of the County of Monterey for redevelopment. To assure that adequate levels of public facilities and services will be available to the East Garrison area, the Board of Supervisors of the County of Monterey intends to form a community services district. The provisions of this act are necessary to provide an orderly and financially sound transition from the conditions that currently exist in the East Garrison area to a redeveloped urban community.

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:

Federal officials are likely to transfer title to the East Garrison area of the former Fort Ord to the Fort Ord Reuse Authority before the end of 2005. In order to ensure an orderly transition of tenure and to avoid disinvestment that would threaten the public peace, health, or safety, it is essential for this act to take effect immediately.

CHAPTER 109

An act to amend Section 1861.025 of the Insurance Code, relating to auto insurance.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 1861.025 of the Insurance Code is amended to read:

1861.025. A person is qualified to purchase a Good Driver Discount policy if he or she meets all of the following criteria:

(a) He or she has been licensed to drive a motor vehicle for the previous three years.

(b) During the previous three years, he or she has not done any of the following:

(1) Had more than one violation point count determined as provided by subdivision (a), (b), (c), (d), (e), (g), or (h) of Section 12810 of the Vehicle Code, but subject to the following modifications:

For the purposes of this section, the driver of a motor vehicle involved in an accident for which he or she was principally at fault that resulted only in damage to property shall receive one violation point count, in addition to any other violation points that may be imposed for this accident.

If, under Section 488 or 488.5, an insurer is prohibited from increasing the premium on a policy on account of a violation, that violation shall not be included in determining the point count of the person.

If a violation is required to be reported under Section 1816 of the Vehicle Code, or under Section 784 of the Welfare and Institutions Code, or any other provision requiring the reporting of a violation by a minor, the violation shall be included for the purposes of this section in determining the point count in the same manner as is applicable to adult violations.

(2) Had more than one dismissal pursuant to Section 1803.5 of the Vehicle Code that was not made confidential pursuant to Section 1808.7 of the Vehicle Code, in the 36-month period for violations that would have resulted in the imposition of more than one violation point count under paragraph (1) if the complaint had not been dismissed.

(3) Was the driver of a motor vehicle involved in an accident that resulted in bodily injury or in the death of any person and was principally at fault. The commissioner shall adopt regulations setting guidelines to be used by insurers for the determination of fault for the purposes of this paragraph and paragraph (1).

(c) During the period commencing on January 1, 1999, or the date 10 years prior to the date of application for the issuance or renewal of the Good Driver Discount policy, whichever is later, and ending on the date of the application for the issuance or renewal of the Good Driver Discount policy, he or she has not been convicted of a violation of Section 23140, 23152, or 23153 of the Vehicle Code, a felony violation of Section 23550 or 23566, or former Section 23175 or, as those sections read on January 1, 1999, of the Vehicle Code, or a violation of Section 191.5 or paragraph (3) of subdivision (c) of Section 192 of the Penal Code.

(d) Any person who claims that he or she meets the criteria of subdivisions (a), (b), and (c) based entirely or partially on a driver's license and driving experience acquired anywhere other than in the United States or Canada is rebuttably presumed to be qualified to purchase a Good Driver Discount policy if he or she has been licensed

to drive in the United States or Canada for at least the previous 18 months and meets the criteria of subdivisions (a), (b), and (c) for that period.

CHAPTER 110

An act to amend Sections 1800, 1800.5, 1801, and 1801.5 of the Welfare and Institutions Code, relating to juvenile offenders, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 21, 2005. Filed with Secretary of State July 21, 2005.]

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

SECTION 1. Section 1800 of the Welfare and Institutions Code is amended to read:

1800. Whenever the Department of the Youth Authority determines that the discharge of a person from the control of the department at the time required by Section 1766, 1769, 1770, 1770.1, or 1771, as applicable, would be physically dangerous to the public because of the person's mental or physical deficiency, disorder, or abnormality which causes the person to have serious difficulty controlling his or her dangerous behavior, the department, through its director, shall request the prosecuting attorney to petition the committing court for an order directing that the person remain subject to the control of the authority beyond that time. The petition shall be filed at least 90 days before the time of discharge otherwise required. The petition shall be accompanied by a written statement of the facts upon which the department bases its opinion that discharge from control of the department at the time stated would be physically dangerous to the public, but the petition may not be dismissed and an order may not be denied merely because of technical defects in the application.

The prosecuting attorney shall promptly notify the Department of the Youth Authority of a decision not to file a petition.

SEC. 2. Section 1800.5 of the Welfare and Institutions Code is amended to read:

1800.5. Notwithstanding any other provision of law, the Youth Authority Board may request the Director of the Youth Authority to review any case where the department has not made a request to the prosecuting attorney pursuant to Section 1800 and the board finds that the ward would be physically dangerous to the public because of the ward's mental or physical deficiency, disorder, or abnormality which

causes the person to have serious difficulty controlling his or her dangerous behavior. Upon the board's request, a mental health professional designated by the director shall review the case and thereafter may affirm the finding or order additional assessment of the ward. If, after review, the mental health designee affirms the initial finding, concludes that a subsequent assessment does not demonstrate that a ward is subject to extended detention pursuant to Section 1800, or fails to respond to a request from the board within the timeframe mandated by this section, the board thereafter may request the prosecuting attorney to petition the committing court for an order directing that the person remain subject to the control of the authority pursuant to Section 1800 if the board continues to find that the ward would be physically dangerous to the public because of the ward's mental or physical deficiency, disorder, or abnormality which causes the person to have serious difficulty controlling his or her dangerous behavior. The board's request to the prosecuting attorney shall be accompanied by a copy of the ward's file and any documentation upon which the board bases its opinion, and shall include any documentation of the department's review and recommendations made pursuant to this section. Any request for review pursuant to this section shall be submitted to the director not less than 120 days before the date of final discharge, and the review shall be completed and transmitted to the board not more than 15 days after the request has been received.

SEC. 3. Section 1801 of the Welfare and Institutions Code is amended to read:

1801. (a) If a petition is filed with the court for an order as provided in Section 1800 and, upon review, the court determines that the petition, on its face, supports a finding of probable cause, the court shall order that a hearing be held pursuant to subdivision (b). The court shall notify the person whose liberty is involved and, if the person is a minor, his or her parent or guardian (if that person can be reached, and, if not, the court shall appoint a person to act in the place of the parent or guardian) of the hearing, and shall afford the person an opportunity to appear at the hearing with the aid of counsel and the right to cross-examine experts or other witnesses upon whose information, opinion, or testimony the petition is based. The court shall inform the person named in the petition of his or her right of process to compel attendance of relevant witnesses and the production of relevant evidence. When the person is unable to provide his or her own counsel, the court shall appoint counsel to represent him or her.

The probable cause hearing shall be held within 10 calendar days after the date the order is issued pursuant to this subdivision unless the person named in the petition waives this time.

(b) At the probable cause hearing, the court shall receive evidence and determine whether there is probable cause to believe that discharge of the person would be physically dangerous to the public because of his or her mental or physical deficiency, disorder, or abnormality which causes the person to have serious difficulty controlling his or her dangerous behavior. If the court determines there is not probable cause, the court shall dismiss the petition and the person shall be discharged from the control of the authority at the time required by Section 1766, 1769, 1770, 1770.1, or 1771, as applicable. If the court determines there is probable cause, the court shall order that a trial be conducted to determine whether the person is physically dangerous to the public because of his or her mental or physical deficiency, disorder, or abnormality.

SEC. 4. Section 1801.5 of the Welfare and Institutions Code is amended to read:

1801.5. If a trial is ordered pursuant to Section 1801, the trial shall be by jury unless the right to a jury trial is personally waived by the person, after he or she has been fully advised of the constitutional rights being waived, and by the prosecuting attorney, in which case trial shall be by the court. If the jury is not waived, the court shall cause a jury to be summoned and to be in attendance at a date stated, not less than four days nor more than 30 days from the date of the order for trial, unless the person named in the petition waives time. The court shall submit to the jury, or, at a court trial, the court shall answer, the question: Is the person physically dangerous to the public because of his or her mental or physical deficiency, disorder, or abnormality which causes the person to have serious difficulty controlling his or her dangerous behavior? The court's previous order entered pursuant to Section 1801 shall not be read to the jury, nor alluded to in the trial. The person shall be entitled to all rights guaranteed under the federal and state constitutions in criminal proceedings. A unanimous jury verdict shall be required in any jury trial. As to either a court or a jury trial, the standard of proof shall be that of proof beyond a reasonable doubt.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure, as soon as possible, the constitutional validity of future commitments made pursuant to these provisions, it is necessary that this act take effect immediately.

CHAPTER 111

An act to amend Section 1797.196 of the Health and Safety Code, relating to emergency medical services.

[Approved by Governor July 25, 2005. Filed with
Secretary of State July 25, 2005.]

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

SECTION 1. Section 1797.196 of the Health and Safety Code, as amended by Section 181 of Chapter 62 of the Statutes of 2003, is amended to read:

1797.196. (a) For purposes of this section, "AED" or "defibrillator" means an automated or automatic external defibrillator.

(b) In order to ensure public safety, any person or entity that acquires an AED is not liable for any civil damages resulting from any acts or omissions in the rendering of the emergency care under subdivision (b) of Section 1714.21 of the Civil Code, if that person or entity does all of the following:

(1) Complies with all regulations governing the placement of an AED.

(2) Ensures all of the following:

(A) That the AED is maintained and regularly tested according to the operation and maintenance guidelines set forth by the manufacturer, the American Heart Association, and the American Red Cross, and according to any applicable rules and regulations set forth by the governmental authority under the federal Food and Drug Administration and any other applicable state and federal authority.

(B) That the AED is checked for readiness after each use and at least once every 30 days if the AED has not been used in the preceding 30 days. Records of these checks shall be maintained.

(C) That any person who renders emergency care or treatment on a person in cardiac arrest by using an AED activates the emergency medical services system as soon as possible, and reports any use of the AED to the licensed physician and to the local EMS agency.

(D) For every AED unit acquired up to five units, no less than one employee per AED unit shall complete a training course in cardiopulmonary resuscitation and AED use that complies with the regulations adopted by the Emergency Medical Service Authority and the standards of the American Heart Association or the American Red Cross. After the first five AED units are acquired, for each additional five AED units acquired, one employee shall be trained beginning with the first AED unit acquired. Acquirers of AED units shall have trained

employees who should be available to respond to an emergency that may involve the use of an AED unit during normal operating hours.

(E) That there is a written plan that describes the procedures to be followed in the event of an emergency that may involve the use of an AED, to ensure compliance with the requirements of this section. The written plan shall include, but not be limited to, immediate notification of 911 and trained office personnel at the start of AED procedures.

(3) When an AED is placed in a building, building owners shall ensure that tenants annually receive a brochure, approved as to content and style by the American Heart Association or American Red Cross, which describes the proper use of an AED, and also ensure that similar information is posted next to any installed AED.

(4) When an AED is placed in a building, no less than once a year, building owners shall notify their tenants as to the location of AED units in the building.

(5) When an AED is placed in a public or private K–12 school, the principal shall ensure that the school administrators and staff annually receive a brochure, approved as to contents and style by the American Heart Association or the American Red Cross, that describes the proper use of an AED. The principal shall also ensure that similar information is posted next to every AED. The principal shall, at least annually, notify school employees as to the location of all AED units on the campus. The principal shall designate the trained employees who shall be available to respond to an emergency that may involve the use of an AED during normal operating hours. As used in this paragraph, "normal operating hours" means during the hours of classroom instruction and any school-sponsored activity occurring on school grounds.

(c) Any person or entity that supplies an AED shall do all of the following:

(1) Notify an agent of the local EMS agency of the existence, location, and type of AED acquired.

(2) Provide to the acquirer of the AED all information governing the use, installation, operation, training, and maintenance of the AED.

(d) A violation of this provision is not subject to penalties pursuant to Section 1798.206.

(e) The protections specified in this section do not apply in the case of personal injury or wrongful death that results from the gross negligence or willful or wanton misconduct of the person who renders emergency care or treatment by the use of an AED.

(f) Nothing in this section or Section 1714.21 may be construed to require a building owner or a building manager to acquire and have installed an AED in any building.

(g) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

CHAPTER 112

An act to add Section 7043.5 to the Water Code, relating to water.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 7043.5 is added to the Water Code, to read:

7043.5. Only as applied to the New River in Imperial County, as used in this chapter, "use or enlargement of any natural channel for municipal purposes" includes, but is not limited to, sewage treatment and pollution prevention and the encasing and piping of the New River to protect human health and the natural environment.

SEC. 2. The Legislature finds and declares that, because of the unique circumstances applicable only to the New River in Imperial County, 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.

CHAPTER 113

An act to amend Section 3206 of the Elections Code, relating to absentee voting.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 3206 of the Elections Code is amended to read:

3206. A voter whose name appears on the permanent absent voter list shall remain on the list and shall be mailed an absentee ballot for each election conducted within his or her precinct in which he or she is eligible to vote. If the voter fails to return an executed absent voter ballot

in two consecutive statewide general elections in accordance with Section 3017 the voter's name shall be deleted from the list.

CHAPTER 114

An act to amend Sections 4216.3 and 4216.4 of the Government Code, relating to subsurface installations.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 4216.3 of the Government Code is amended to read:

4216.3. (a) Any operator of a subsurface installation who receives timely notification of any proposed excavation work in accordance with Section 4216.2 shall, within two working days of that notification, excluding weekends and holidays, or before the start of the excavation work, whichever is later, or at a later time mutually agreeable to the operator and the excavator, locate and field mark the approximate location and, if known, the number of subsurface installations that may be affected by the excavation to the extent and degree of accuracy that the information is available either in the records of the operator or as determined through the use of standard locating techniques other than excavating, otherwise advise the person who contacted the center of the location of the operator's subsurface installations that may be affected by the excavation, or advise the person that the operator does not operate any subsurface installations that would be affected by the proposed excavation.

(b) Every operator of a subsurface installation who field marks the location of a subsurface installation shall make a reasonable effort to make field markings in conformance with the uniform color code of the American Public Works Association.

(c) If, at any time during an excavation for which there is a valid inquiry identification number, an operator's field markings are no longer reasonably visible, the excavator shall contact the appropriate regional notification center. The regional notification center shall contact any member, if known, who has a subsurface installation in the area of the excavation. Upon receiving timely notification or renotification pursuant to this subdivision, the operator shall re-locate and re-mark, within two

working days, those subsurface installations which may be affected by the excavation to the extent necessary, in conformance with this section.

(d) The excavator shall notify the appropriate regional notification center of the failure of an operator to comply with this section. The notification shall include the inquiry identification number issued by the regional notification center. A record of all notifications received pursuant to this subdivision shall be maintained by the regional notification center for a period of not less than three years. The records shall be available for inspection pursuant to subdivision (d) of Section 4216.2.

SEC. 2. Section 4216.4 of the Government Code is amended to read:

4216.4. (a) The excavator shall determine the exact location of subsurface installations in conflict with the excavation by excavating with hand tools within the area of the approximate location of subsurface installations as determined by the field marking provided in accordance with Section 4216.3 before using any power-operated or power-driven excavating or boring equipment within the approximate location of the subsurface installation, except that power-operated or power-driven excavating or boring equipment may be used for the removal of any existing pavement if there are no subsurface installations contained in the pavement. If there is an express written mutual agreement between the operator, or operators, and the excavator, the excavator may utilize vacuum excavation devices, or power-operated or power-driven excavating or boring equipment within the approximate location of a subsurface installation and to any depth.

(b) If the exact location of the subsurface installation cannot be determined by hand excavating in accordance with subdivision (a), the excavator shall request the operator to provide additional information to the excavator, to the extent that information is available to the operator, to enable the excavator to determine the exact location of the installation.

CHAPTER 115

An act relating to telecommunications.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

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

(a) Population and economic growth in the Coachella Valley have outpaced many other areas of the state as residents and businesses have

migrated to the area to establish homes, employment, and other community infrastructure.

(b) The local interests of residents and businesses in the early communities in the Coachella Valley have expanded beyond those early communities to include community links throughout the valley.

(c) Historically, extended area service (EAS) plans were available, before the enactment of the federal Telecommunications Act of 1996, for customers located in some established communities of interest to mitigate toll call pricing. However, in Public Utilities Commission Decision 98-06-075, the commission determined that with the advent of competition for toll service, the public interest would be served by allowing the market to offer customers choices for toll call pricing.

(d) There have been concerns in the Coachella Valley about the impact of toll call pricing upon the greater community of interest and commerce in the valley.

(e) The commission should investigate the effectiveness of the competitive marketplace and consumer awareness in the Coachella Valley and consider options to address these concerns. The commission should consider what additional steps might be necessary to encourage the availability of innovative pricing options by incumbent and competitive carriers for customers concerned about toll call pricing in the Coachella Valley.

SEC. 2. The Public Utilities Commission shall examine the impact of toll call pricing in the Coachella Valley and shall consider whether additional options are needed to serve that area. The commission shall consider whether any additional steps are necessary to encourage innovative pricing plans by incumbent and competitive carriers. The commission may also consider whether customer education efforts or other measures that are in the public interest are necessary. The commission shall prepare and submit a report to the Legislature on or before July 1, 2007, regarding these issues.

SEC. 3. The Legislature finds and declares that due to unique circumstances relating to the Coachella Valley, a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution.

SEC. 4. This act shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

CHAPTER 116

An act to amend Sections 18005 and 18010 of, to add Sections 18003, 18008, and 18620 to, and to add Chapter 6 (commencing with Section 18300) to Part 1 of Title 3 of, the Corporations Code, relating to associations.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 18003 is added to the Corporations Code, to read:

18003. "Board" means the board of directors or other governing body of an unincorporated association.

SEC. 2. Section 18005 of the Corporations Code is amended to read:

18005. "Director" means a natural person serving as a member of the board or other governing body of the unincorporated association.

SEC. 3. Section 18008 is added to the Corporations Code, to read:

18008. "Governing document" means a constitution, articles of association, bylaws, or other writing that governs the purpose or operation of an unincorporated association or the rights or obligations of its members.

SEC. 4. Section 18010 of the Corporations Code is amended to read:

18010. "Governing principles" means the principles stated in an unincorporated association's governing documents. If an association has no governing documents or the governing documents do not include a provision governing an issue, the association's governing principles regarding that issue may be inferred from its established practices. For the purpose of this section, "established practices" means the practices used by an unincorporated association without material change or exception during the most recent five years of its existence, or if it has existed for less than five years, during its entire existence.

SEC. 5. Chapter 6 (commencing with Section 18300) is added to Part 1 of Title 3 of the Corporations Code, to read:

CHAPTER 6. GOVERNANCE

Article 1. [Reserved]

18300. It is the intent of the Legislature to enact legislation relating to the governance of unincorporated associations.

Article 2. Termination or Suspension of Membership

18310. (a) Unless otherwise provided by an unincorporated association's governing principles, membership in the unincorporated association is terminated by any of the following events:

(1) Resignation of the member.

(2) Expiration of the fixed term of the membership, unless the membership is renewed before its expiration.

(3) Expulsion of the member.

(4) Death of the member.

(5) Termination of the legal existence of a member that is not a natural person.

(b) Termination of membership does not relieve a person from an obligation incurred as a member before termination.

(c) Termination of membership does not affect the right of an unincorporated association to enforce an obligation against a person incurred as a member before termination, or to obtain damages for its breach.

18320. (a) This section only applies if membership in an unincorporated association includes a property right or if expulsion or suspension of a member would affect an important, substantial economic interest. This section does not apply to an unincorporated association that has a religious purpose.

(b) Expulsion or suspension of a member shall be done in good faith and in a fair and reasonable manner. A procedure that satisfies the requirements of subdivision (c) is fair and reasonable, but a court may also determine that another procedure is fair and reasonable taking into account the full circumstances of the expulsion or suspension.

(c) A procedure for expulsion or suspension of a member that satisfies the following requirements is fair and reasonable:

(1) The procedure is included in the unincorporated association's governing documents.

(2) The member to be expelled or suspended is given notice, including a statement of the reasons for the expulsion or suspension. The notice shall be delivered at least 15 days before the effective date of the expulsion or suspension.

(3) The member to be expelled or suspended is given an opportunity to be heard by the person or body deciding the matter, orally or in writing, not less than five days before the effective date of the expulsion or suspension.

(d) A notice pursuant to this section may be delivered by any method reasonably calculated to provide actual notice. A notice delivered by mail shall be sent by first-class, certified, or registered mail to the last

address of the member shown on the unincorporated association's records.

(e) A member may commence a proceeding to challenge the expulsion or suspension of the member, including a claim alleging defective notice, within one year after the effective date of the expulsion or suspension. The court may order any relief, including reinstatement, it determines is equitable under the circumstances. A vote of the members or of the board may not be set aside solely because a person was wrongfully excluded from voting by virtue of the challenged expulsion or suspension, unless the court determines that the wrongful expulsion or suspension was in bad faith and for the purpose, and with the effect, of wrongfully excluding the member from the vote or from the meeting at which the vote took place, so as to affect the outcome of the vote.

(f) This section governs only the procedure for expulsion or suspension and not the substantive grounds for expulsion or suspension. An expulsion or suspension based on substantive grounds that violate contractual or other rights of the member or are otherwise unlawful is not made valid by compliance with this section.

Article 3. Member Voting

18330. Except as otherwise provided by statute or by an unincorporated association's governing principles, the following rules govern a member vote conducted pursuant to this chapter:

(a) A vote may be conducted either at a member meeting at which a quorum is present or by a written ballot in which the number of votes cast equals or exceeds the number required for a quorum. Approval of a matter voted on requires an affirmative majority of the votes cast.

(b) Written notice of the vote shall be delivered to all members entitled to vote on the date of delivery. The notice shall be delivered or mailed or sent electronically to the member addresses shown in the association's records a reasonable time before the vote is to be conducted. The notice shall not be delivered electronically, unless the recipient has consented to electronic delivery of the notice. The notice shall state the matter to be decided and describe how and when the vote is to be conducted.

(c) If the vote is to be conducted by written ballot, the notice of the vote shall serve as the ballot. It shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the unincorporated association.

(d) One-third the voting power of the association constitutes a quorum.

(e) The voting power of the association is the total number of votes that can be cast by members on a particular issue at the time the member vote is held.

Article 4. Amendment of Governing Documents

18340. If an unincorporated association's governing principles do not provide a procedure to amend the association's governing documents, the governing documents may be amended by a vote of the members.

Article 5. Merger

18350. The following definitions govern the construction of this article:

(a) "Constituent entity" means an entity that is merged with one or more other entities and includes the surviving entity.

(b) "Disappearing entity" means a constituent entity that is not the surviving entity.

(c) "Surviving entity" means an entity into which one or more other entities are merged.

18360. An unincorporated association may merge into a domestic or foreign corporation, domestic or foreign limited partnership, domestic or foreign general partnership, or domestic or foreign limited liability company. Notwithstanding this section, a merger may be effected only if each constituent entity is authorized to effect the merger by the laws under which it was organized.

18370. A merger involving an unincorporated association is subject to the following requirements:

(a) Each party to the merger shall approve an agreement of merger. The agreement shall include the following provisions:

(1) The terms of the merger.

(2) Any amendments the merger would make to the articles, bylaws, or other governing documents of the surviving entity.

(3) The name, place of organization, and type of entity of each constituent entity.

(4) The name of the constituent entity that will be the surviving entity.

(5) If the name of the surviving entity will be changed in the merger, the new name of the surviving entity.

(6) The disposition of the memberships or ownership interests of each constituent entity.

(7) Other details or provisions, if any, including any details or provisions required by the law under which a constituent entity is organized.

(b) The principal terms of the merger agreement shall be approved by the board, the members, and any person whose approval is required by the association's governing documents. Unless otherwise provided in the governing documents, the members shall approve the agreement in the manner provided for amendment of the association's governing documents. The members may approve the agreement before or after the board approves the agreement.

(c) A merger agreement that would cause the members of an unincorporated association to become individually liable for an obligation of a constituent or surviving entity shall be approved by all of the members of the unincorporated association. Approval by all members is not required under this subdivision if the agreement of merger provides for purchase by the surviving entity of the membership interest of a member who votes against approval of the merger agreement.

(d) A merger agreement may be amended by the board, unless the amendment would change a principal term of the agreement, in which case it shall be approved as provided in subdivision (b).

(e) Subject to the contractual rights of third parties, the board may abandon a merger without the approval of the members.

18380. (a) A merger pursuant to this article has the following effect:

(1) The separate existence of the disappearing entity ceases.

(2) The surviving entity succeeds, without other transfer, to the rights and property of the disappearing entity.

(3) The surviving entity is subject to all the debts and liabilities of the disappearing entity. A trust or other obligation governing property of the disappearing entity applies as if it were incurred by the surviving entity.

(b) All rights of creditors and all liens on or arising from the property of each of the constituent entities are preserved unimpaired, provided that a lien on property of a disappearing entity is limited to the property subject to the lien immediately before the merger is effective.

(c) An action or proceeding pending by or against a disappearing entity or other party to the merger may be prosecuted to judgment, which shall bind the surviving entity, or the surviving entity may be proceeded against or substituted in its place.

(d) A merger does not affect an existing liability of a member, director, officer, or agent of a constituent unincorporated association for an obligation of the unincorporated association.

18390. If, as a consequence of merger, a surviving entity succeeds to ownership of real property located in this state, the surviving entity's record ownership of that property may be evidenced by recording in the county in which the property is located a copy of the agreement of merger that is signed by the president and secretary or other comparable officers

of the constituent entities and is verified and acknowledged as provided in Sections 149 and 193.

18400. A bequest, devise, gift, grant, or promise contained in a will or other instrument of donation, subscription, or conveyance that is made to a disappearing entity and that takes effect or remains payable after the merger inures to the benefit of the surviving entity. A trust obligation that would govern property if transferred to the disappearing entity applies to property that is instead transferred to the surviving entity under this section.

Article 6. Dissolution

18410. An unincorporated association may be dissolved by any of the following methods:

(a) If the association's governing documents provide a method for dissolution, by that method.

(b) If the association's governing documents do not provide a method for dissolution, by the affirmative vote of a majority of the voting power of the association.

(c) If the association's operations have been discontinued for at least three years, by the board or, if the association has no incumbent board, by the members of its last preceding incumbent board.

(d) If the association's operations have been discontinued, by court order.

18420. Promptly after commencement of dissolution of an unincorporated association, the board or, if none, the members shall promptly wind up the affairs of the association, pay or provide for its known debts or liabilities, collect any amounts due to it, take any other action as is necessary or appropriate for winding up, settling, and liquidating its affairs, and dispose of its assets as provided in Section 18130.

SEC. 6. Section 18620 is added to the Corporations Code, to read:

18620. (a) A member, director, officer, or agent of a nonprofit association shall be liable for injury, damage, or harm caused by an act or omission of the association or an act or omission of a director, officer, or agent of the association, if any of the following conditions is satisfied:

(1) The member, director, officer, or agent expressly assumes liability for injury, damage, or harm caused by particular conduct and that conduct causes the injury, damage, or harm.

(2) The member, director, officer, or agent engages in tortious conduct that causes the injury, damage, or harm.

(3) The member, director, officer, or agent is otherwise liable under any other statute.

(b) This section provides a nonexclusive list of existing grounds for liability, and does not foreclose any common law grounds for liability.

CHAPTER 117

An act to amend Section 19604 of the Business and Professions Code, relating to horse racing.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 19604 of the Business and Professions Code is amended to read:

19604. Notwithstanding any other provision of law, in addition to parimutuel wagering otherwise authorized by this chapter, advance deposit wagering may be conducted upon approval of the board. The board may authorize any racing association or fair, during the calendar period it is licensed by the board to conduct a live racing meeting in accordance with the provisions of Article 4 (commencing with Section 19480), to accept advance deposit wagers or to allow these wagers through a betting system or a multijurisdictional wagering hub in accordance with the following:

(a) Racing associations and racing fairs may form a partnership, joint venture, or any other affiliation in order to further the purposes of this section.

(b) As used in this section, "advance deposit wagering" means a form of parimutuel wagering in which a person residing within California or outside of this state establishes an account with a licensee, a board-approved betting system, or a board-approved multijurisdictional wagering hub located within California or outside of this state, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizing the entity holding the account to place wagers on the account owner's behalf. An advance deposit wager may be made only by the entity holding the account pursuant to wagering instructions issued by the owner of the funds communicated by telephone call or through other electronic media. The licensee, a betting system, or a multijurisdictional wagering hub shall ensure the identification of the account's owner by utilizing methods and technologies approved by the board. Further, at the request of the board, any licensee, betting system, or multijurisdictional wagering hub located in California, and

any betting system or multijurisdictional wagering hub located outside of this state that accepts wagering instructions concerning races conducted in California or accepts wagering instructions from California residents, shall provide a full accounting and verification of the source of the wagers thereby made, including the zone and breed, in the form of a daily download of parimutuel data to a database designated by the board. Additionally, when the board approves a licensee, a betting system, or a multijurisdictional wagering hub, whether located within California or outside of this state, to accept advance deposit wagering instructions on any race or races from California residents, the licensee, betting system, or multijurisdictional wagering hub may be compensated pursuant to a contractual agreement with a California licensee, in an amount not to exceed 6.5 percent of the amount handled on a race or races conducted in California, and in the case of a race or races conducted in another jurisdiction, may be compensated in an amount not to exceed 6.5 percent, plus a fee to be paid to the host racing association not to exceed 3.5 percent, of the amount handled on that race or races. The amount remaining after the payment of winning wagers and after payment of the contractual compensation and host fee, if any, shall be distributed as a market access fee in accordance with subdivision (g). As used in this section, "market access fee" means the contractual fee paid by a betting system or multijurisdictional wagering hub to the California licensee for access to the California market for wagering purposes. As used in this section, "licensee" means any racing association or fair, or affiliation thereof authorized in subdivision (a).

(c) (1) The board shall develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for licensees, betting systems, and multijurisdictional wagering hubs located in California. Betting systems and multijurisdictional wagering hubs located and operating in California shall be approved by the board prior to establishing advance deposit wagering accounts or accepting wagering instructions concerning those accounts and shall enter into a written contractual agreement with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting. Permanent state or county employees and nonprofit organizations that have historically performed certain services at county, state, or district fairs may continue to provide those services, notwithstanding this requirement.

(2) The board shall develop and adopt rules and regulations requiring betting systems and multijurisdictional wagering hubs to establish security access policies and safeguards, including, but not limited to, the following:

(A) The betting system or wagering hub shall utilize the services of a board-approved independent third party to perform identity, residence, and age verification services with respect to persons establishing an advance deposit wagering account.

(B) The betting system or wagering hub shall utilize personal identification numbers (PINs) and other technologies to assure that only the accountholder has access to the advance deposit wagering account.

(C) The betting system or wagering hub shall provide for withdrawals from the wagering account only by means of a check made payable to the accountholder and sent to the address of the accountholder or by means of an electronic transfer to an account held by the verified accountholder or the accountholder may withdraw funds from the wagering account at a facility approved by the board by presenting verifiable personal and account identification information.

(D) The betting system or wagering hub shall allow the board access to its premises to visit, investigate, and place expert accountants and other persons it deems necessary for the purpose of ensuring that its rules and regulations concerning credit authorization, account access, and other security provisions are strictly complied with.

(3) The board shall prohibit advance deposit wagering advertising that it determines to be deceptive to the public. The board shall also require, by regulation, that every form of advertising contain a statement that minors are not allowed to open or have access to advance deposit wagering accounts.

(d) As used in this section, a "multijurisdictional wagering hub" is a business conducted in more than one jurisdiction that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(e) As used in this section, a "betting system" is a business conducted exclusively in this state that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(f) In order for a licensee, betting system, or multijurisdictional wagering hub to be approved by the board to conduct advance deposit wagering, it shall meet both of the following requirements:

(1) All wagers thereby made shall be included in the appropriate parimutuel pool of the host racing association or fair under a contractual agreement with the applicable California licensee, in accordance with the provisions of this chapter.

(2) The amounts deducted from advance deposit wagers shall be in accordance with the provisions of this chapter.

(g) The amount received as a market access fee from advance deposit wagers, which shall not be considered for purposes of Section 19616.51, shall be distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Department of Industrial Relations to cover costs associated with audits conducted pursuant to Section 19526 and for the purposes of reimbursing the State Mediation and Conciliation Service for costs incurred pursuant to this bill. However, if that amount would exceed the costs of the Department of Industrial Relations, the amount distributed to the department shall be reduced, and that reduction shall be forwarded to an organization designated by the racing association or fair described in subdivision (a) for the purpose of augmenting a compulsive gambling prevention program specifically addressing that problem.

(3) An amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be distributed as follows:

(A) One-half of the amount shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) One-half of the amount shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(4) With respect to wagers on each breed of racing that originate in California, an amount equal to 2 percent of the first two hundred fifty million dollars ($250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1.5 percent of the next two hundred fifty million dollars ($250,000,000) of handle from all advance deposit wagers originating from within California annually, and an amount equal to 1 percent of handle from all advance deposit wagers originating from within California in excess of five hundred million dollars ($500,000,000) annually, shall be distributed as satellite wagering commissions. The satellite wagering facility commissions calculated in accordance with this subdivision shall be distributed to each satellite wagering facility and racing association

or fair in the zone in which the wager originated in the same relative proportions that the satellite wagering facility or the racing association or fair generated satellite commissions during the previous calendar year. In the event of a reduction in the satellite wagering commissions, pursuant to this section, the benefits therefrom shall be distributed equitably as purses and commissions to all associations and racing fairs generating advance deposit wagers in proportion to the handle generated by those associations and racing fairs. For purposes of this section, the purse funds distributed pursuant to Section 19605.72 shall be considered to be satellite wagering facility commissions attributable to thoroughbred races at the locations described in that section.

(5) With respect to wagers on each breed of racing that originate in California for each racing meeting, after the payment of contractual obligations to the licensee, the betting system, or the multijurisdictional wagering hub, and the distribution of the amounts set forth in paragraphs (1) through (4), inclusive, the amount remaining shall be distributed to the racing association or fair that is conducting live racing on that breed during the calendar period in the zone in which the wager originated, and this amount shall be allocated to that racing association or fair as commissions, to horsemen participating in that racing meeting in the form of purses, and as incentive awards, in the same relative proportion as they were generated or earned during the prior calendar year at that racing association or fair on races conducted or imported by that racing association or fair after making all deductions required by applicable law. Purse funds generated pursuant to this section may be utilized to pay 50 percent of the total costs and fees incurred due to the implementation of advance deposit wagering. "Incentive awards" shall be those payments provided for in Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The amount determined to be payable for incentive awards shall be payable to the applicable official registering agency and thereafter distributed as provided in this chapter. If the provisions of Section 19601.2 apply, then the amount distributed to the applicable racing associations or fairs from advance deposit wagering shall first be divided between those racing associations or fairs in direct proportion to the total amount wagered in the applicable zone on the live races conducted by the respective association or fair. Notwithstanding this requirement, when the provisions of subdivision (b) of Section 19607.5 apply to the 2nd District Agricultural Association in Stockton or the California Exposition and State Fair in Sacramento, then the total amount distributed to the applicable racing associations or fairs shall first be divided equally, with 50 percent distributed to applicable fairs and 50 percent distributed to applicable associations. For purposes of this subdivision, the zones of the state shall be as defined in Section 19530.5,

except as modified by the provisions of subdivision (f) of Section 19601, and the combined central and southern zones shall be considered one zone.

Notwithstanding any provision of this section to the contrary, the distribution of the market access fee, other than the distributions specified in paragraph (1) or (2), may be altered upon the approval of the board, in accordance with an agreement signed by all parties receiving a distribution under paragraphs (4) and (5).

(h) Notwithstanding any provisions of this section to the contrary, all funds derived from advance deposit wagering that originate from California for each racing meeting on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific time, shall be distributed in accordance with this subdivision. With respect to these wagers, 50 percent of the amount remaining after the payment of contractual obligations to the multijurisdictional wagering hub, betting system, or licensee and the amounts set forth in paragraphs (1) through (5), inclusive, of subdivision (g) shall be distributed as commissions to thoroughbred associations and racing fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subdivision (g), and the remaining 50 percent, together with all funds derived for each racing meeting from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m., Pacific time, shall be distributed as commissions on a pro rata basis to the applicable licensed quarter horse association and the applicable licensed harness association, based upon the amount handled instate, both on- and off-track, on each breed's own live races in the previous year by that association, or it's predecessor association. One-half of the amount thereby received by each association shall be retained by that association as a commission, and the other half of the money received shall be distributed as purses to the horsemen participating in its current or next scheduled licensed racing meeting.

(i) Notwithstanding any provisions of this section to the contrary, all funds derived from advance deposit wagering which originate from California for each racing meeting on out-of-state and out-of-country nonthoroughbred races conducted before 6 p.m., Pacific time, shall be distributed in accordance with this subdivision. With respect to these wagers, 50 percent of the amount remaining after the payment of contractual obligations to the multijurisdictional wagering hub, betting system, or licensee and the amounts set forth in paragraphs (1) through (5), inclusive, of subdivision (g) shall be distributed as commissions as provided in subdivision (h) for licensed quarter horse and harness associations, and the remaining 50 percent shall be distributed as commissions to the applicable thoroughbred associations or fairs, as

thoroughbred and fair purses, and as incentive awards in accordance with subdivision (g).

(j) A racing association, a fair, or a satellite wagering facility may accept and facilitate the placement of any wager from a patron at its facility that a California resident could make through a betting system or multijurisdictional wagering hub duly offering advance deposit wagering in this state, and the facility accepting the wager shall receive a 2-percent commission on that wager in lieu of any distribution for satellite commissions pursuant to subdivision (g).

(k) Any disputes concerning the interpretation or application of this section shall be resolved by the board.

This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

CHAPTER 118

An act to amend Sections 1240, 17592.70, 35186, 41500, 41501, 41572, 44258.9, 48642, 49436, 52055.640, 52295.35, 56836.165, and 60119 of, to add Section 88 to, and to repeal Section 32228.6 of, the Education Code, to amend Item 6110-197-0890 of Section 2.00 of Chapter 208 of the Statutes of 2004 (the Budget Act of 2004), and to amend Sections 22 and 23 of Chapter 900 of the Statutes of 2004, relating to education, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 88 is added to the Education Code, to read:

88. "State Board" or "state board" whenever used in this code means the State Board of Education, unless the context requires otherwise.

SEC. 2. Section 1240 of the Education Code is amended to read:

1240. The county superintendent of schools shall do all of the following:

(a) Superintend the schools of his or her county.

(b) Maintain responsibility for the fiscal oversight of each school district in his or her county pursuant to the authority granted by this code.

(c) (1) Visit and examine each school in his or her county at reasonable intervals to observe its operation and to learn of its problems. He or she may annually present a report of the state of the schools in his or her county, and of his or her office, including, but not limited to, his or her observations while visiting the schools, to the board of education and the board of supervisors of his or her county.

(2) (A) To the extent that funds are appropriated for purposes of this paragraph, the county superintendent, or his or her designee, shall annually present a report to the governing board of each school district under his or her jurisdiction, the county board of education of his or her county, and the board of supervisors of his or her county describing the state of the schools in the county or of his or her office that are ranked in deciles 1 to 3, inclusive, of the 2003 base Academic Performance Index, as defined in subdivision (b) of Section 17592.70, and shall include, among other things, his or her observations while visiting the schools.

(B) The county superintendent of the Counties of Alpine, Amador, Del Norte, Mariposa, Plumas, Sierra, and the City and County of San Francisco shall contract with another county office of education or an independent auditor to conduct the required visits and make all reports required by this paragraph.

(C) The results of the visit shall be reported to the governing board of the school district on a quarterly basis at a regularly scheduled meeting held in accordance with public notification requirements.

(D) The visits made pursuant to this paragraph shall be conducted at least annually and shall meet the following criteria:

(i) Minimize disruption to the operation of the school.

(ii) Be performed by individuals who meet the requirements of Section 45125.1.

(iii) Consist of not less than 25-percent unannounced visits in each county. During unannounced visits in each county, the county superintendent shall not demand access to documents or specific school personnel. Unannounced visits shall only be used to observe the condition of school repair and maintenance and the sufficiency of instructional materials, as defined by Section 60119.

(E) The priority objective of the visits made pursuant to this paragraph shall be to determine the status of all of the following circumstances:

(i) Sufficient textbooks as defined in Section 60119 and as specified in subdivision (i).

(ii) The condition of a facility that poses an emergency or urgent threat to the health or safety of pupils or staff as defined in district policy, or as defined by paragraph (1) of subdivision (c) of Section 17592.72.

(iii) The accuracy of data reported on the school accountability report card with respect to the availability of sufficient textbooks and instructional materials as defined by Section 60119 and the safety, cleanliness, and adequacy of school facilities, including good repair as required by Sections 17014, 17032.5, 17070.75, and 17089.

(d) Distribute all laws, reports, circulars, instructions, and blanks that he or she may receive for the use of the school officers.

(e) Annually present a report to the governing board of the school district and the Superintendent regarding the fiscal solvency of any school district with a disapproved budget, qualified interim certification, or a negative interim certification, or that is determined at any time to be in a position of fiscal uncertainty pursuant to Section 42127.6.

(f) Keep in his or her office the reports of the Superintendent.

(g) Keep a record of his or her official acts, and of all the proceedings of the county board of education, including a record of the standing, in each study, of all applicants for certificates who have been examined, which shall be open to the inspection of any applicant or his or her authorized agent.

(h) Enforce the course of study.

(i) (1) Enforce the use of state textbooks and instructional materials and of high school textbooks and instructional materials regularly adopted by the proper authority in accordance with Section 51050.

(2) For purposes of this subdivision, sufficient textbooks or instructional materials has the same meaning as in subdivision (c) of Section 60119.

(3) (A) Commencing with the 2005–06 school year, if a school is ranked in any of deciles 1 to 3, inclusive, of the 2003 base Academic Performance Index, as defined in subdivision (b) of Section 17592.70, and is not currently under review through a state or federal intervention program, the county superintendent shall specifically review that school at least annually as a priority school. A review conducted for purposes of this paragraph shall be completed by the fourth week of the school year. For the 2004–05 fiscal year only, the county superintendent shall make a diligent effort to conduct a visit to each school pursuant to this paragraph within 120 days of receipt of funds for this purpose.

(B) In order to facilitate the review of instructional materials before the fourth week of the school year, the county superintendent of schools in a county with 200 or more schools that are ranked in any of deciles 1 to 3, inclusive, of the 2003 base Academic Performance Index, as defined in subdivision (b) of Section 17592.70, may utilize a combination of visits and written surveys of teachers for the purpose of determining sufficiency of textbooks and instructional materials in accordance with subparagraph (A) of paragraph (1) of subdivision (a) of Section 60119

and as defined in subdivision (c) of Section 60119. If a county superintendent of schools elects to conduct written surveys of teachers, the county superintendent of schools shall visit the schools surveyed within the same academic year to verify the accuracy of the information reported on the surveys.

(C) For purposes of this paragraph, "written surveys" may include paper and electronic or online surveys.

(4) If the county superintendent determines that a school does not have sufficient textbooks or instructional materials in accordance with subparagraph (A) of paragraph (1) of subdivision (a) of Section 60119 and as defined by subdivision (c) of Section 60119, the county superintendent shall do all of the following:

(A) Prepare a report that specifically identifies and documents the areas or instances of noncompliance.

(B) Provide within five business days of the review, a copy of the report to the school district, as provided in subdivision (c), and forward the report to the Superintendent.

(C) Provide the school district with the opportunity to remedy the deficiency. The county superintendent shall ensure remediation of the deficiency no later than the second month of the school term.

(D) If the deficiency is not remedied as required pursuant to subparagraph (C), the county superintendent shall request the department, with approval by the State Board of Education, to purchase the textbooks or instructional materials necessary to comply with the sufficiency requirement of this subdivision. If the state board approves a recommendation from the department to purchase textbooks or instructional materials for the school district, the board shall issue a public statement at a regularly scheduled meeting indicating that the district superintendent and the governing board of the school district failed to provide pupils with sufficient textbooks or instructional materials as required by this subdivision. Before purchasing the textbooks or instructional materials, the department shall consult with the district to determine which textbooks or instructional materials to purchase. All purchases of textbooks or instructional materials shall comply with Chapter 3.25 (commencing with Section 60420) of Part 33. The amount of funds necessary to the purchase the textbooks and materials is a loan to the school district receiving the textbooks or instructional materials. Unless the school district repays the amount owed based upon an agreed-upon repayment schedule with the Superintendent, the Superintendent shall notify the Controller and the Controller shall deduct an amount equal to the total amount used to purchase the textbooks and materials, from the next principal apportionment of the district or from another apportionment of state funds.

(j) Preserve carefully all reports of school officers and teachers.

(k) Deliver to his or her successor, at the close of his or her official term, all records, books, documents, and papers belonging to the office, taking a receipt for them, which shall be filed with the department.

(*l*) (1) Submit two reports during the fiscal year to the county board of education in accordance with the following:

(A) The first report shall cover the financial and budgetary status of the county office of education for the period ending October 31. The second report shall cover the period ending January 31. Both reports shall be reviewed by the county board of education and approved by the county superintendent of schools no later than 45 days after the close of the period being reported.

(B) As part of each report, the county superintendent shall certify in writing whether or not the county office of education is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for two subsequent fiscal years. The certifications shall be classified as positive, qualified, or negative, pursuant to standards prescribed by the Superintendent, for the purposes of determining subsequent state agency actions pursuant to Section 1240.1. For purposes of this subdivision, a negative certification shall be assigned to any county office of education that, based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal year. A qualified certification shall be assigned to any county office of education that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A positive certification shall be assigned to any county office of education that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. In accordance with those standards, the Superintendent may reclassify any certification. If a county office of education receives a negative certification, the Superintendent, or his or her designee, may exercise the authority set forth in subdivision (c) of Section 1630. Copies of each certification, and of the report containing that certification, shall be sent to the Superintendent at the time the certification is submitted to the county board of education. Copies of each qualified or negative certification and the report containing that certification shall be sent to the Controller at the time the certification is submitted to the county board of education.

(2) All reports and certifications required under this subdivision shall be in a format or on forms prescribed by the Superintendent, and shall be based on standards and criteria for fiscal stability adopted by the State Board of Education pursuant to Section 33127. The reports and supporting data shall be made available by the county superintendent of schools to any interested party upon request.

(3) This subdivision does not preclude the submission of additional budgetary or financial reports by the county superintendent to the county board of education or to the Superintendent.

(4) The county superintendent of schools is not responsible for the fiscal oversight of the community colleges in the county, however, he or she may perform financial services on behalf of those community colleges.

(m) If requested, act as agent for the purchase of supplies for the city and high school districts of his or her county.

(n) For purposes of Section 44421.5, report to the Commission on Teacher Credentialing the identity of any certificated person who knowingly and willingly reports false fiscal expenditure data relative to the conduct of any educational program. This requirement applies only if, in the course of his or her normal duties, the county superintendent of schools discovers information that gives him or her reasonable cause to believe that false fiscal expenditure data relative to the conduct of any educational program has been reported.

SEC. 3. Section 17592.70 of the Education Code is amended to read:

17592.70. (a) There is hereby established the School Facilities Needs Assessment Grant Program with the purpose to provide for a one-time comprehensive assessment of school facilities needs. The grant program shall be administered by the State Allocation Board.

(b) (1) The grants shall be awarded to school districts on behalf of schoolsites ranked in deciles 1 to 3, inclusive, on the Academic Performance Index, pursuant to Section 52056, based on the 2003 base Academic Performance Index score for each school newly constructed prior to January 1, 2000.

(2) For purposes of this section, schools ranked in deciles 1 to 3, inclusive, on the 2003 base Academic Performance Index (API) shall include any schools determined by the department to meet either of the following:

(A) The school meets all of the following criteria:

(i) Does not have a valid base API score for 2003.

(ii) Is operating in fiscal year 2004–05 and was operating in fiscal year 2003–04 during the Standardized Testing and Reporting (STAR) Program testing period.

(iii) Has a valid base API score for 2002 that was ranked in deciles 1 to 3, inclusive, in that year.

(B) The school has an estimated base API score for 2003 that would be in deciles 1 to 3, inclusive.

(3) The department shall estimate an API score for any school meeting the criteria of subparagraph (A) of paragraph (2), using available testing scores and any weighting or corrective factors it deems appropriate. The

department shall provide those API scores to the Office of Public School Construction and post them on its Web site within 30 days of the enactment of this section.

(c) The board shall allocate funds pursuant to subdivision (b) to school districts with jurisdiction over eligible schoolsites, based on ten dollars ($10) per pupil enrolled in the eligible school as of October 2003, with a minimum allocation of seven thousand five hundred dollars ($7,500) for each schoolsite.

(d) As a condition of receiving funds pursuant to this section, school districts shall do all of the following:

(1) Use the funds to develop a comprehensive needs assessment of all schoolsites eligible for grants pursuant to subdivision (b). The assessment shall contain, at a minimum, all of the following information for each schoolsite:

(A) The year each building that is currently used for instructional purposes was constructed.

(B) The year, if any, each building that is currently used for instructional purposes was last modernized.

(C) The pupil capacity of the school.

(D) The number of pupils enrolled in the school.

(E) The density of the school campus measured in pupils per acre.

(F) The total number of classrooms at the school.

(G) The age and number of portable classrooms at the school.

(H) Whether the school is operating on a multitrack, year-round calendar, and, if so, what type.

(I) Whether the school has a cafeteria, or an auditorium or other space used for pupil eating and not for class instruction.

(J) The useful life remaining of all major building systems for each structure housing instructional space, including, but not limited to, sewer, water, gas, electrical, roofing, and fire and life safety protection.

(K) The estimated costs for five years necessary to maintain functionality of each instructional space to maintain health, safety, and suitable learning environment, as applicable, including classroom, counseling areas, administrative space, libraries, gymnasiums, multipurpose and dining space, and the accessibility to those spaces.

(L) A list of necessary repairs.

(2) Use the data currently filed with the state as part of the process of applying for and obtaining modernization or construction funds for school facilities, or information that is available in the California Basic Education Data System for the element required in subparagraphs (D), (E), (F), and (G) of paragraph (1).

(3) Use the assessment as the baseline for the facilities inspection system required pursuant to subdivision (e) of Section 17070.75.

(4) Provide the results of the assessment to the Office of Public School Construction, including a report on the expenditures made in performing the assessment. It is the intent of the Legislature that the assessments be completed as soon as possible, but not later than January 1, 2006.

(5) If a school district does not need the full amount of the allocation it receives pursuant to this section, the school district shall expend the remaining funds for making facilities repairs identified in its needs assessment. The school district shall report to the Office of Public School Construction on the repairs completed pursuant to this paragraph and the cost of the repairs.

(6) Submit to the Office of Public School Construction an interim report regarding the progress made by the school district in completing the assessments of all eligible schools.

SEC. 4. Section 32228.6 of the Education Code is repealed.

SEC. 5. Section 35186 of the Education Code is amended to read:

35186. (a) A school district shall use the uniform complaint process it has adopted as required by Chapter 5.1 (commencing with Section 4600) of Title 5 of the California Code of Regulations, with modifications, as necessary, to help identify and resolve any deficiencies related to instructional materials, emergency or urgent facilities conditions that pose a threat to the health and safety of pupils or staff, and teacher vacancy or misassignment.

(1) A complaint may be filed anonymously. A complainant who identifies himself or herself is entitled to a response if he or she indicates that a response is requested. A complaint form shall include a space to mark to indicate whether a response is requested. All complaints and responses are public records.

(2) The complaint form shall specify the location for filing a complaint. A complainant may add as much text to explain the complaint as he or she wishes.

(3) A complaint shall be filed with the principal of the school or his or her designee. A complaint about problems beyond the authority of the school principal shall be forwarded in a timely manner but not to exceed 10 working days to the appropriate school district official for resolution.

(b) The principal or the designee of the district superintendent, as applicable, shall make all reasonable efforts to investigate any problem within his or her authority. The principal or designee of the district superintendent shall remedy a valid complaint within a reasonable time period but not to exceed 30 working days from the date the complaint was received. The principal or designee of the district superintendent shall report to the complainant the resolution of the complaint within 45 working days of the initial filing. If the principal makes this report, the

principal shall also report the same information in the same timeframe to the designee of the district superintendent.

(c) A complainant not satisfied with the resolution of the principal or the designee of the district superintendent has the right to describe the complaint to the governing board of the school district at a regularly scheduled hearing of the governing board. As to complaints involving a condition of a facility that poses an emergency or urgent threat, as defined in paragraph (1) of subdivision (c) of Section 17592.72, a complainant who is not satisfied with the resolution proffered by the principal or the designee of the district superintendent has the right to file an appeal to the Superintendent, who shall provide a written report to the State Board of Education describing the basis for the complaint and, as appropriate, a proposed remedy for the issue described in the complaint.

(d) A school district shall report summarized data on the nature and resolution of all complaints on a quarterly basis to the county superintendent of schools and the governing board of the school district. The summaries shall be publicly reported on a quarterly basis at a regularly scheduled meeting of the governing board of the school district. The report shall include the number of complaints by general subject area with the number of resolved and unresolved complaints. The complaints and written responses shall be available as public records.

(e) The procedure required pursuant to this section is intended to address all of the following:

(1) A complaint related to instructional materials as follows:

(A) A pupil, including an English learner, does not have standards-aligned textbooks or instructional materials or state-adopted or district-adopted textbooks or other required instructional material to use in class.

(B) A pupil does not have access to instructional materials to use at home or after school.

(C) Textbooks or instructional materials are in poor or unusable condition, have missing pages, or are unreadable due to damage.

(2) A complaint related to teacher vacancy or misassignment as follows:

(A) A semester begins and a teacher vacancy exists.

(B) A teacher who lacks credentials or training to teach English learners is assigned to teach a class with more than 20-percent English learner pupils in the class. This subparagraph does not relieve a school district from complying with state or federal law regarding teachers of English learners.

(C) A teacher is assigned to teach a class for which the teacher lacks subject matter competency.

(3) A complaint related to the condition of facilities that pose an emergency or urgent threat to the health or safety of pupils or staff as defined in paragraph (1) of subdivision (c) of Section 17592.72 and any other emergency conditions the school district determines appropriate.

(f) In order to identify appropriate subjects of complaint, a notice shall be posted in each classroom in each school in the school district notifying parents and guardians of the following:

(1) There should be sufficient textbooks and instructional materials. For there to be sufficient textbooks and instructional materials each pupil, including English learners, must have a textbook or instructional materials, or both, to use in class and to take home.

(2) School facilities must be clean, safe, and maintained in good repair.

(3) There should be no teacher vacancies or misassignments as defined in paragraphs (2) and (3) of subdivision (h).

(4) The location at which to obtain a form to file a complaint in case of a shortage. Posting a notice downloadable from the Web site of the department shall satisfy this requirement.

(g) A local educational agency shall establish local policies and procedures, post notices, and implement this section on or before January 1, 2005.

(h) For purposes of this section, the following definitions apply:

(1) "Good repair" has the same meaning as specified in subdivision (d) of Section 17002.

(2) "Misassignment" means the placement of a certificated employee in a teaching or services position for which the employee does not hold a legally recognized certificate or credential or the placement of a certificated employee in a teaching or services position that the employee is not otherwise authorized by statute to hold.

(3) "Teacher vacancy" means a position to which a single designated certificated employee has not been assigned at the beginning of the year for an entire year or, if the position is for a one-semester course, a position to which a single designated certificated employee has not been assigned at the beginning of a semester for an entire semester.

SEC. 6. Section 41500 of the Education Code is amended to read:

41500. (a) Notwithstanding any other provision of law, a school district and county office of education may expend in a fiscal year up to 15 percent of the amount apportioned for the block grants set forth in Article 3 (commencing with Section 41510), Article 5 (commencing with Section 41530), Article 6 (commencing with Section 41540), or Article 7 (commencing with Section 41570) for any other programs for which the school district or county office is eligible for funding, including programs whose funding is not included in any of the block grants established pursuant to this chapter. The total amount of funding a school

district or county office of education may expend for a program to which funds are transferred pursuant to this section may not exceed 120 percent of the amount of state funding allocated to the school district or county office for purposes of that program in a fiscal year. For purposes of this subdivision, "total amount" means the amount of state funding allocated to a school district or county office for purposes of a particular program in a fiscal year plus the amount transferred in that fiscal year to that program pursuant to this section.

(b) A school district and county office of education shall not, pursuant to this section, transfer funds from Article 2 (commencing with Section 41505) and Article 4 (commending with Section 41520).

(c) Before a school district or county office of education may expend funds pursuant to this section, the governing board of the school district or the county board of education, as applicable, shall discuss the matter at a noticed public meeting.

(d) A school district shall track transfers made pursuant to this section.

SEC. 7. Section 41501 of the Education Code is amended to read:

41501. (a) The reduction made to categorical education program funding received by a basic aid school district pursuant to Section 38 of Chapter 227 of the Statutes of 2003 or Section 31 of Chapter 216 of the Statutes of 2004, or for a fiscal year subsequent to the 2004–05 fiscal year shall be deemed not to have occurred for purposes of calculating the amount of block grants a basic aid school district shall receive pursuant to this chapter.

(b) For purposes of this section, "basic aid school district" means a school district that does not receive from the state, for any fiscal year in which the section is applied, an apportionment of state funds pursuant to subdivision (h) of Section 42238.

SEC. 8. Section 41572 of the Education Code is amended to read:

41572. A school district that receives funds pursuant to this article shall have a school level advisory committee as required by Chapter 6 (commencing with Section 52000) of Part 28, as it read on January 1, 2004, and shall have a single school plan that incorporates the requirements of Sections 18181, 52014, and 52015, as those sections read on January 1, 2004.

SEC. 9. Section 44258.9 of the Education Code is amended to read:

44258.9. (a) The Legislature finds that continued monitoring of teacher assignments by county superintendents of schools will ensure that the rate of teacher misassignment remains low. To the extent possible and with funds provided for that purpose, each county superintendent of schools shall perform the duties specified in subdivisions (b) and (c).

(b) (1) Each county superintendent of schools shall monitor and review school district certificated employee assignment practices in accordance with the following:

(A) Annually monitor and review schools and school districts that are likely to have problems with teacher misassignments and teacher vacancies, as defined in subparagraphs (A) and (B) of paragraph (5) of subdivision (b) of Section 33126, based on past experience or other available information.

(B) Annually monitor and review schools ranked in deciles 1 to 3, inclusive, of the 2003 base Academic Performance Index, as defined in subdivision (b) of Section 17592.70, if those schools are not currently under review through a state or federal intervention program. If a review completed pursuant to this subparagraph finds that a school has no teacher misassignments or teacher vacancies, the next review of that school may be conducted according to the cycle specified in subparagraph (C), unless the school meets the criteria of subparagraph (A).

(C) All other schools on a four-year cycle.

(2) Each county superintendent of schools shall investigate school and district efforts to ensure that any credentialed teacher serving in an assignment requiring a certificate issued pursuant to Section 44253.3, 44253.4, or 44253.7 or training pursuant to Section 44253.10 completes the necessary requirements for these certificates or completes the required training.

(3) The Commission on Teacher Credentialing shall be responsible for the monitoring and review of those counties or cities and counties in which there is a single school district, including the Counties of Alpine, Amador, Del Norte, Mariposa, Plumas, and Sierra, and the City and County of San Francisco. All information related to the misassignment of certificated personnel and teacher vacancies shall be submitted to each affected district within 30 calendar days of the monitoring activity.

(c) County superintendents of schools shall submit an annual report to the Commission on Teacher Credentialing and the department summarizing the results of all assignment monitoring and reviews. These reports shall include, but need not be limited to, the following:

(1) The numbers of teachers assigned and types of assignments made by the governing board of a school district under the authority of Sections 44256, 44258.2, and 44263.

(2) Information on actions taken by local committees on assignment, including the number of assignments authorized, subject areas into which committee-authorized teachers are assigned, and evidence of any departures from the implementation plans presented to the county superintendent by school districts.

(3) Information on each school district reviewed regarding misassignments of certificated personnel, including efforts to eliminate these misassignments.

(4) (A) Information on certificated employee assignment practices in schools ranked in deciles 1 to 3, inclusive, of the 2003 base Academic Performance Index, as defined in subdivision (b) of Section 17592.70, to ensure that, at a minimum, in any class in these schools in which 20 percent or more pupils are English learners the assigned teacher possesses a certificate issued pursuant to Section 44253.3 or 44253.4 or has completed training pursuant to Section 44253.10 or is otherwise authorized by statute.

(B) This paragraph shall not relieve a school district from compliance with state and federal law regarding teachers of English learners or be construed to alter the definition of "misassignment" in subparagraph (B) of paragraph (5) of subdivision (b) of Section 33126.

(5) After consultation with representatives of county superintendents of schools, other information as may be determined to be needed by the Commission on Teacher Credentialing.

(d) The Commission on Teacher Credentialing shall submit biennial reports to the Legislature concerning teacher assignments and misassignments which shall be based, in part, on the annual reports of the county superintendents of schools.

(e) (1) The Commission on Teacher Credentialing shall establish reasonable sanctions for the misassignment of credentialholders.

Prior to the implementation of regulations establishing sanctions, the Commission on Teacher Credentialing shall engage in a variety of activities designed to inform school administrators, teachers, and personnel within the offices of county superintendents of schools of the regulations and statutes affecting the assignment of certificated personnel. These activities shall include the preparation of instructive brochures and the holding of regional workshops.

(2) Commencing July 1, 1989, any certificated person who is required by an administrative superior to accept an assignment for which he or she has no legal authorization shall, after exhausting any existing local remedies, notify the county superintendent of schools in writing of the illegal assignment. The county superintendent of schools shall, within 15 working days, advise the affected certificated person concerning the legality of his or her assignment. There shall be no adverse action taken against a certificated person who files a notification of misassignment with the county superintendent of schools. During the period of the misassignment, the certificated person who files a written notification with the county superintendent of schools shall be exempt from the provisions of Section 45034. If it is determined that a misassignment

has taken place, any performance evaluation of the employee under Sections 44660 to 44664, inclusive, in any misassigned subject shall be nullified.

(3) The county superintendent of schools shall notify, through the office of the school district superintendent, any certificated school administrator responsible for the assignment of a certificated person to a position for which he or she has no legal authorization of the misassignment and shall advise him or her to correct the assignment within 30 calendar days. The county superintendent of schools shall notify the Commission on Teacher Credentialing of the misassignment if the certificated school administrator has not corrected the misassignment within 30 days of the initial notification, or if the certificated school administrator has not described, in writing, within the 30-day period, to the county superintendent of schools the extraordinary circumstances which make this correction impossible.

(4) The county superintendent of schools shall notify any superintendent of a school district in which 5 percent or more of all certificated teachers in the secondary schools are found to be misassigned of the misassignments and shall advise him or her to correct the misassignments within 120 calendar days. The county superintendent of schools shall notify the Commission on Teacher Credentialing of the misassignments if the school district superintendent has not corrected the misassignments within 120 days of the initial notification, or if the school district superintendent of schools has not described, in writing, within the 120-day period, to the county superintendent of schools the extraordinary circumstances which make this correction impossible.

(f) An applicant for a professional administrative service credential shall be required to demonstrate knowledge of existing credentialing laws, including knowledge of assignment authorizations.

(g) The Superintendent shall submit a summary of the reports submitted by county superintendents pursuant to subdivision (c) to the Legislature. The Legislature may hold, within a reasonable period after receipt of the summary, public hearings on pupil access to teachers and to related statutory provisions. The Legislature may also assign one or more of the standing committees or a joint committee, to determine the following:

(1) The effectiveness of the reviews required pursuant to this section.

(2) The extent, if any, of vacancies and misassignments, as defined in subparagraphs (A) and (B) of paragraph (5) of subdivision (b) of Section 33126.

(3) The need, if any, to assist schools ranked in deciles 1 to 3, inclusive, of the 2003 base Academic Performance Index, as defined in

subdivision (b) of Section 17592.70, to eliminate vacancies and misassignments.

SEC. 10. Section 48642 of the Education Code is amended to read:

48642. Sections 48630, 48631, 48632, 48633, 48634, 48635, 48636, 48637, 48637.1, 48637.2, 48637.3, 48638, and 48639, and this section, shall become inoperative on July 1, 2005, and, as of January 1, 2006, are repealed, unless a later enacted statute that is enacted before January 1, 2006, deletes or extends the dates on which these sections become inoperative and are repealed.

SEC. 11. Section 49436 of the Education Code is amended to read:

49436. The department shall monitor the implementation of Sections 49431, 49433, 49433.5, 49433.7, and 49433.9 and shall report to the Legislature by May 1, 2005, its evaluation of all of the following:

(1) The fiscal impact of the policies and standards developed by school districts.

(2) The effect of this article upon school districts and pupils, including an assessment of pupil responses and related findings.

(3) Recommendations for improvements or additions.

(4) The resulting changes in food and beverage sales at schools.

SEC. 12. Section 52055.640 of the Education Code is amended to read:

52055.640. (a) As a condition of the receipt of funds for the initial and each subsequent year of funding pursuant to this article and to ensure that the school is progressing towards meeting the goals of each of the essential components of its school action plan, each year the school district shall submit a report to the Superintendent that includes the following:

(1) The academic improvement of pupils within the participating school as measured by the tests under Section 60640 and the progress made towards achieving English language proficiency as measured by the English language development test administered pursuant to Section 60810.

(2) The improvement of distribution of experienced teachers holding a valid California teaching credential across the district. Commencing with the 2004–05 fiscal year, for a school district with a school initially applying to participate in the program on or after July 1, 2004, the report shall include whether at least 80 percent of the teachers assigned to the school are credentialed and the number of classes in which 20 percent or more pupils are English learners and assigned to teachers who do not possess a certificate issued pursuant to Section 44253.3, 44253.4, or 44253.7 or have not completed training pursuant to Section 44253.10, or are not otherwise authorized by statute to be assigned to those classes.

This paragraph does not relieve a school district from complying with state or federal law regarding teachers of English learners.

(3) The availability of instructional materials in core content areas that are aligned with the academic content and performance standards, including textbooks, for each pupil, including English language learners. For a school district that initially applies to participate in the High Priority Schools Grant Program during the 2004–05 fiscal year, or any fiscal year thereafter, the definition of "sufficient textbooks or instructional materials" contained in subdivision (c) of Section 60119 applies to this paragraph.

(4) The number of parents and guardians presently involved at each participating schoolsite as compared to the number participating at the beginning of the program.

(5) The number of pupils attending after school, tutoring, or homework assistance programs.

(6) For participating secondary schools, the number of pupils who are enrolled in and successfully completing advanced placement courses, by type, and requirements for admission to the University of California or the California State University, including courses in algebra, biology, and United States or world history.

(b) The report on the pupil literacy and achievement component shall be disaggregated by numerically significant subgroups, as defined in Section 52052, and English language learners and have a focus on improved scores in reading and mathematics as measured by the following:

(1) The Academic Performance Index, including the data collected pursuant to tests that are part of the Standardized Testing and Reporting Program and the writing sample that is part of that program.

(2) The results of the primary language test pursuant to Section 60640.

(3) Graduation rates, when the methodology for collecting this data has been confirmed to be valid and reliable.

(4) In addition, a school may use locally developed assessments to assist it in determining the pupil progress in academic literacy and achievement.

(c) The report on the quality of staff component shall include, but not be limited to, the following information:

(1) The number of teachers at the schoolsite holding a valid California teaching credential or district or university intern certificate or credential compared to those teachers at the same schoolsite holding a preintern certificate, emergency permit, or waiver.

(2) The number and ratio of teachers across the district holding a valid California teaching credential or district or university intern certificate

or credential compared to those holding a preintern certificate, emergency permit, or waiver.

(3) The number of principals having completed training pursuant to Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25.

(4) The number of principals by credential type or years of experience and length of time at the schoolsite by years.

(d) The report on the parental involvement component shall include explicit involvement strategies being implemented at the schoolsite that are directly linked to activities supporting pupil academic achievement and verification that the schoolsite has developed a school-parent compact as required by Section 51101.

(e) All comparisons made in the reports required pursuant to this section shall be based on baseline data provided by the district and schoolsite in the action plan that is certified and submitted with the initial application.

(f) To the extent that data is already reported to the Superintendent, a school district need not include the data in the reports submitted pursuant to this section.

(g) Before submitting the reports required pursuant to this section, the school district shall, at a regularly scheduled public meeting of the governing board, review a participating school's progress towards achieving those goals.

SEC. 13. Section 52295.35 of the Education Code, as added by Section 9 of Chapter 681 of the Statutes of 2004, is amended to read:

52295.35. (a) Applicants within each of the 11 California Technology Assistance Project regions shall compete against other applicants from that region. The amount of funding for grants available to each region shall be determined based upon the proportionate enrollment of pupils in grades 4 to 8, inclusive, in eligible schools from that region, but a region shall not be allocated less than five hundred thousand dollars ($500,000) or 2 percent of available grant funds, whichever amount is greater.

(b) If a region is allocated more funding than is needed for its eligible applicants, the Superintendent may develop a policy to ensure that all funding is distributed to other regions for their eligible but unfunded applicants.

(c) Grants shall be awarded to an eligible school district for the eligible school or schools specified in the program application. All grant funds shall be spent in a manner consistent with the local educational agency technology plan, pursuant to subdivision (a) of Section 51871.5 and subdivision (a) of Section 2414 of Part D of Title II of the No Child Left Behind Act of 2001 (Public Law 107-110), and the program application

and shall be used for the eligible school or schools specified in the approved application.

(d) The initial one-time implementation grant for a school selected to receive a grant shall be calculated based upon three hundred dollars ($300) per pupil for pupils in grades 4 to 8, inclusive. Upon recommendation from the department, the State Board of Education may adopt criteria that establish fixed minimum grant levels for a small school.

(e) Subject to availability of federal funding appropriated for competitive grants under Part D of Title II of the federal No Child Left Behind Act of 2001 (Public Law 107-110), any grant recipient that successfully completes the initial grant shall receive an additional one-time grant of forty-five dollars ($45) per pupil in grades 4 to 8, inclusive, at the school or schools selected for funding. The purpose of this funding shall be to continue implementation of the grant recipients' approved technology plan in a manner consistent with the requirements of Part D of Title II of the federal No Child Left Behind Act of 2001 (Public Law 107-110), including plans to sustain the use of technology as a tool in improving teaching and pupil academic achievement once the grant period ends.

(f) This section shall become operative July 1, 2005.

SEC. 14. Section 56836.165 of the Education Code is amended to read:

56836.165. (a) For the 2004–05 fiscal year and each fiscal year thereafter, the Superintendent shall calculate for each special education local plan area an amount based on (1) the number of children and youth residing in foster family homes and foster family agencies, (2) the licensed capacity of group homes licensed by the State Department of Social Services, and (3) the number of children and youth ages 3 through 21 referred by the State Department of Developmental Services who are residing in skilled nursing facilities or intermediate care facilities licensed by the State Department of Health Services and the number of youth ages 18 through 21 referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services.

(b) The department shall assign each facility described in paragraphs (1), (2), and (3) of subdivision (a) a severity rating. The severity ratings shall be on a scale from 1 to 14. Foster family homes shall be assigned a severity rating of 1. Foster family agencies shall be assigned a severity rating of 2. Facilities described in paragraph (2) of subdivision (a) shall be assigned the same severity rating as its State Department of Social Services rate classification level. For facilities described in paragraph (3) of subdivision (a), skilled nursing facilities shall be assigned a severity rating of 14, intermediate care facilities shall be assigned a severity rating

of 11, and community care facilities shall be assigned a severity rating of 8.

(c) (1) The department shall establish a "bed allowance" for each severity level. For the 2004–05 fiscal year, the bed allowance shall be calculated as described in paragraph (2). For the 2005–06 fiscal year and each fiscal year thereafter, the department shall increase the bed allowance by the inflation adjustment computed pursuant to Section 42238.1. The department shall not establish a bed allowance for any facility defined in paragraphs (2) and (3) of subdivision (a) if it is not licensed by the State Department of Social Services or the State Department of Health Services.

(2) (A) The bed allowance for severity level 1 shall be five hundred two dollars ($502).

(B) The bed allowance for severity level 2 shall be six hundred ten dollars ($610).

(C) The bed allowance for severity level 3 shall be one thousand four hundred thirty-four dollars ($1,434).

(D) The bed allowance for severity level 4 shall be one thousand six hundred forty-nine dollars ($1,649).

(E) The bed allowance for severity level 5 shall be one thousand eight hundred sixty-five dollars ($1,865).

(F) The bed allowance for severity level 6 shall be two thousand eighty dollars ($2,080).

(G) The bed allowance for severity level 7 shall be two thousand two hundred ninety-five dollars ($2,295).

(H) The bed allowance for severity level 8 shall be two thousand five hundred ten dollars ($2,510).

(I) The bed allowance for severity level 9 shall be five thousand four hundred fifty-one dollars ($5,451).

(J) The bed allowance for severity level 10 shall be five thousand eight hundred eighty-one dollars ($5,881).

(K) The bed allowance for severity level 11 shall be nine thousand four hundred sixty-seven dollars ($9,467).

(L) The bed allowance for severity level 12 shall be thirteen thousand four hundred eighty-three dollars ($13,483).

(M) The bed allowance for severity level 13 shall be fourteen thousand three hundred forty-three dollars ($14,343).

(N) The bed allowance for severity level 14 shall be twenty thousand eighty-one dollars ($20,081).

(d) (1) For each fiscal year, the department shall calculate an out-of-home care funding amount for each special education local plan area as the sum of amounts computed pursuant to paragraphs (2), (3), and (4). The State Department of Social Services and the State

Department of Developmental Services shall provide the State Department of Education with the residential counts identified in paragraphs (2), (3), and (4).

(2) The number of children and youth residing on April 1 in foster family homes and foster family agencies located in each special education local plan area times the appropriate bed allowance.

(3) The capacity on April 1 of each group home licensed by the State Department of Social Services located in each special education local plan area times the appropriate bed allowance.

(4) The number on April 1 of children and youth (A) ages 3 through 21 referred by the State Department of Developmental Services who are residing in skilled nursing facilities and intermediate care facilities licensed by the State Department of Health Services located in each special education local plan area times the appropriate bed allowance, and (B) ages 18 through 21 referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services located in each special education local plan area times the appropriate bed allowance.

(e) In determining the amount of the first principal apportionment for a fiscal year pursuant to Section 41332, the Superintendent shall continue to apportion funds from Section A of the State School Fund to each special education local plan area equal to the amount apportioned at the advance apportionment pursuant to Section 41330 for that fiscal year.

SEC. 15. Section 60119 of the Education Code is amended to read:

60119. (a) In order to be eligible to receive funds available for the purposes of this article, the governing board of a school district shall take the following actions:

(1) (A) The governing board shall hold a public hearing or hearings at which the governing board shall encourage participation by parents, teachers, members of the community interested in the affairs of the school district, and bargaining unit leaders, and shall make a determination, through a resolution, as to whether each pupil in each school in the district has sufficient textbooks or instructional materials, or both, that are aligned to the content standards adopted pursuant to Section 60605 in each of the following subjects, as appropriate, that are consistent with the content and cycles of the curriculum framework adopted by the state board:

(i) Mathematics.

(ii) Science.

(iii) History-social science.

(iv) English/language arts, including the English language development component of an adopted program.

(B) The public hearing shall take place on or before the end of the eighth week from the first day pupils attend school for that year. A school district that operates schools on a multitrack, year-round calendar shall hold the hearing on or before the end of the eighth week from the first day pupils attend school for that year on any tracks that begin a school year in August or September. For purposes of the 2004–05 fiscal year only, the governing board of a school district shall make a diligent effort to hold a public hearing pursuant to this section on or before December 1, 2004.

(C) As part of the hearing required pursuant to this section, the governing board shall also make a written determination as to whether each pupil enrolled in a foreign language or health course has sufficient textbooks or instructional materials that are consistent with the content and cycles of the curriculum frameworks adopted by the state board for those subjects. The governing board shall also determine the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive. The provision of the textbooks, instructional materials, or science equipment specified in this subparagraph is not a condition of receipt of funds provided by this subdivision.

(2) (A) If the governing board determines that there are insufficient textbooks or instructional materials, or both, the governing board shall provide information to classroom teachers and to the public setting forth, for each school in which an insufficiency exists, the percentage of pupils who lack sufficient standards-aligned textbooks or instructional materials in each subject area and the reasons that each pupil does not have sufficient textbooks or instructional materials, or both, and take any action, except an action that would require reimbursement by the Commission on State Mandates, to ensure that each pupil has sufficient textbooks or instructional materials, or both, within two months of the beginning of the school year in which the determination is made.

(B) In carrying out subparagraph (A), the governing board may use money in any of the following funds:

(i) Any funds available for textbooks or instructional materials, or both, from categorical programs, including any funds allocated to school districts that have been appropriated in the annual Budget Act.

(ii) Any funds of the school district that are in excess of the amount available for each pupil during the prior fiscal year to purchase textbooks or instructional materials, or both.

(iii) Any other funds available to the school district for textbooks or instructional materials, or both.

(b) The governing board shall provide 10 days' notice of the public hearing or hearings set forth in subdivision (a). The notice shall contain

the time, place, and purpose of the hearing and shall be posted in three public places in the school district. The hearing shall be held at a time that will encourage the attendance of teachers and parents and guardians of pupils who attend the schools in the district and shall not take place during or immediately following school hours.

(c) (1) For purposes of this section, "sufficient textbooks or instructional materials" means that each pupil, including English learners, has a standards-aligned textbook or instructional materials, or both, to use in class and to take home. This paragraph does not require two sets of textbooks or instructional materials for each pupil.

(2) Sufficient textbooks or instructional materials as defined in paragraph (1), does not include photocopied sheets from only a portion of a textbook or instructional materials copied to address a shortage.

(d) Except for purposes of Section 60252, governing boards of school districts that receive funds for instructional materials from any state source, are subject to the requirements of this section only in a fiscal year in which the Superintendent determines that the base revenue limit for each school district will increase by at least 1 percent per unit of average daily attendance from the prior fiscal year.

SEC. 16. Item 6110-197-0890 of Section 2.00 of the Budget Act of 2004 is amended to read:

6110-197-0890—For local assistance, Department of Education, payable from the Federal Trust Fund, 21st Century Community Learning Centers Program..... 162,757,000

Schedule:

(1) 30.10.080-Special Program, Child Development, 21st Century Community Learning Centers Program..... 162,757,000

Provisions:

1. (a) It is the intent of the Legislature that the department give significant weight in rating applications, reallocations of available funding and in approving use of grant carryover amounts to the level of student participation and cost per student served. Approval of use of carryover funds from year to year for programs receiving grants shall ensure that additional participation be required so as to not increase the cost per student served in the fiscal year in which grant funds are expended. The department shall also track cost per student planned versus actually achieved and actively ensure that each grant maximizes student participation in relation to the level of the annual grant

or shall reduce grant amounts accordingly in subsequent fiscal years.

(b) The department shall provide an annual report to the Legislature and Department of Finance by September 1 of each year that identifies by cohort for the previous fiscal year each high school program funded, the amount of the annual grant and actual funds expended, the numbers of students served and planned to be served, and the average cost per student per day. If the average cost per student per day exceeds $10 per day, the department shall provide specific reasons why the costs are justified and cannot be reduced. In calculating cost per student per day, the department shall not count attendance unless the student is under the direct supervision of after school program staff funded through the grant. Additionally, the department shall calculate cost per day on the basis of the equivalent of a three-hour day for 180 days per school year. The department shall also identify for each program, as applicable, if the attendance of students is restricted to any particular subgroup of students at the school in which the program is located. If such restrictions exist, the department shall provide an explanation of the circumstances and necessity therefor.

2. The State Department of Education (SDE) shall provide a report to the Department of Finance (DOF), the budget committees of each house of the Legislature, and the Legislative Analyst's Office (LAO) by October 15, 2004, on the requests and awards of direct grants pursuant to Article 22.6 (commencing with Section 8484.7) of Chapter 2 of Part 6 of the Education Code, the 21st Century Community Learning Centers Program. The report shall include, but not be limited to, the purposes of the direct grants awarded, the amount requested and the subsequent awards received. The report shall also include the number of applications and awards, both core and direct grants, categorized by public and private high schools, then by school type (elementary, middle, or junior high schools) as well as information identifying those

grantees that have been awarded funding through both the state-funded and the federally funded program. In addition, SDE shall report to DOF, the budget committees of each house of the Legislature, and the LAO by May 1, 2005, on the effectiveness of 21st Century Community Learning Centers Program operated by private schools.

3. 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.

4. (a) Of the amount appropriated in this item, $60,410,000 is new ongoing federal 21st Century Community Learning Centers Program funds, $782,000 is one-time reallocated federal funds, and $608,000 is one-time federal carryover funds. Of the ongoing funds, $5,000,000 shall be used for high school grants, and $47,977,000 shall be used for elementary, middle, and junior high school grants, with priority placed on increasing the number of slots available for 11- and 12-year-olds and their eligible younger siblings in order to accommodate them in after school programs rather than subsidized child care programs pursuant to Section 8263.4 of the Education Code.

(b) Notwithstanding any other provision of law, the Superintendent of Public Instruction may, upon request by a program that is earning the full grant amount, waive the funding caps for core grants for elementary, middle, and junior high schools to enable those programs to create additional slots for 11- and 12-year-old pupils and their eligible younger siblings pursuant to subdivision (a).

(c) Of the funds remaining in subdivision (a) after the allocations pursuant to that subdivision, $2,118,000 shall be for technical assistance grants, $5,195,000 shall be for access grants, and $1,510,000 shall be for literacy grants.

5. (a) Of the amount appropriated in this item, $25,430,000 is available on a one-time basis, of which $488,000 is one-time federal reallocated funds, and the remaining $24,942,000 is carryover of program savings. $20,000,000 of these funds shall be expended in priority order as follows, to: (1) increase core grant caps for those programs that are at or above their maximum amount to provide additional slots for 11- and 12-year-olds and their eligible younger siblings; (2) expand existing grants to allow programs to offer summer, vacation, and intersession programs thus increasing the number of program days of operation, and (3) increase core grant caps for programs above their maximum amount or with waiting lists. Notwithstanding any other provision of law, the Superintendent of Public Instruction may waive the caps on core grants for these purposes.

(b) The remainder of these funds shall be available on a one-time basis to programs that were allocated funding from the appropriation in this item in the 2002 Budget Act (Ch. 379, Stats. 2002) and in the 2003 Budget Act (Ch. 157, Stats. 2003). Funds shall be available for training, standards-aligned materials, and other allowable one-time costs. The State Department of Education shall provide a report to the Legislature and the Department of Finance by December 1, 2005, identifying how these funds and funds expended pursuant to subdivision (c) were allocated and expended.

(c) Notwithstanding subdivisions (a) and (b), any recipient of a grant award from these funds during the 2004–05 fiscal year may use those awarded funds for any of the purposes in subdivision (b), if the recipient submits documentation as part of its expenditure report that reasonably justifies to the State Department of Education that, subsequent to the grant award, it became impractical or no longer feasible to fully earn or expend those funds for the purpose for which those funds were originally granted to the recipient.

SEC. 17. Section 22 of Chapter 900 of the Statutes of 2004 is amended to read:

Sec. 22. (a) The sum of nine hundred fifteen million four hundred forty-one thousand dollars ($915,441,000) is hereby appropriated from the General Fund in accordance with the following schedule:

(1) The following amounts are appropriated for the 2005–06 fiscal year:

(A) The sum of five million nine hundred thirty-three thousand dollars ($5,933,000) to the State Department of Education for apprenticeship programs to be expended consistent with the requirements specified in Item 6110-103-0001 of Section 2.00 of the Budget Act of 2004.

(B) The sum of eighty-five million eight hundred sixty-six thousand dollars ($85,866,000) to the State Department of Education for supplemental instruction to be expended consistent with the requirements specified in Item 6110-104-0001 of Section 2.00 of the Budget Act of 2004. Of the amount appropriated by this subparagraph, forty-eight million six hundred fifty-two thousand dollars ($48,652,000) shall be expended consistent with Schedule (1) of Item 6110-104-0001 of Section 2.00 of the Budget Act of 2004, eleven million seven hundred forty-nine thousand dollars ($11,749,000) shall be expended consistent with Schedule (2) of that item, four million four hundred sixty-nine thousand dollars ($4,469,000) shall be expended consistent with Schedule (3) of that item, and twenty million nine hundred ninety-six thousand dollars ($20,996,000) shall be expended consistent with Schedule (4) of that item.

(C) The sum of thirty-seven million fifty-one thousand dollars ($37,051,000) to the State Department of Education for regional occupational centers and programs to be expended consistent with the requirements specified in Schedule (1) of Item 6110-105-0001 of Section 2.00 of the Budget Act of 2004.

(D) The sum of fifty million one hundred three thousand dollars ($50,103,000) to the State Department of Education for home-to-school transportation to be expended consistent with the requirements specified in Schedule (1) of Item 6110-111-0001 of Section 2.00 of the Budget Act of 2004.

(E) The sum of four million ninety-two thousand dollars ($4,092,000) to the State Department of Education for the Gifted and Talented Pupil Program to be expended consistent with the requirements specified in Item 6110-124-0001 of Section 2.00 of the Budget Act of 2004.

(F) The sum of ninety-five million three hundred ninety-seven thousand dollars ($95,397,000) to the State Department of Education for Targeted Instructional Improvement Grant Program to be expended

consistent with the requirements specified in Item 6110-132-0001 of Section 2.00 of the Budget Act of 2004.

(G) The sum of forty-two million nine hundred fifty-nine thousand dollars ($42,959,000) to the State Department of Education for adult education to be expended consistent with the requirements specified in Schedule (1) of Item 6110-156-0001 of Section 2.00 of the Budget Act of 2004.

(H) The sum of four million five hundred fifty-eight thousand dollars ($4,558,000) to the State Department of Education for community day schools to be expended consistent with the requirements specified in Item 6110-190-0001 of Section 2.00 of the Budget Act of 2004.

(I) The sum of five million two hundred ninety-eight thousand dollars ($5,298,000) to the State Department of Education for categorical block grants for charter schools to be expended consistent with the requirements specified in Item 6110-211-0001 of Section 2.00 of the Budget Act of 2004.

(J) The sum of thirty-six million eight hundred ninety-four thousand dollars ($36,894,000) to the State Department of Education for the School Safety Block Grant to be expended consistent with the requirements specified in Schedule (1) of Item 6110-228-0001 of Section 2.00 of the Budget Act of 2004.

(K) The sum of two hundred million dollars ($200,000,000) to the Board of Governors of the California Community Colleges for apportionments, to be expended in accordance with the requirements specified for Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2004.

(2) The sum of one hundred nine million nine hundred fourteen thousand dollars ($109,914,000) is appropriated for the 2004–05 fiscal year to the Superintendent of Public Instruction for the purposes of Section 42238.44 of the Education Code, to be allocated to school districts on a pro rata basis.

(3) The following amounts are appropriated for the 2003–04 fiscal year:

(A) The sum of twelve million six hundred four thousand dollars ($12,604,000) to the State Department of Education for transfer to the State School Deferred Maintenance Fund to be available for funding applications received by the Department of General Services, Office of Public School Construction from school districts for deferred maintenance projects pursuant to Section 17584 of the Education Code.

(B) The sum of one hundred thirty-eight million dollars ($138,000,000) to the State Department of Education for transfer to the Instructional Materials Fund. The funds appropriated pursuant to this subparagraph shall be apportioned to school districts on the basis of an

equal amount per pupil enrolled in schools in decile 1 or 2 of the Academic Performance Index (API), as ranked based on the 2003 base API score pursuant to Section 52056 of the Education Code. The funds apportioned pursuant to this subparagraph shall only be used to purchase instructional materials for schools in decile 1 or 2 that are aligned to the content standards adopted pursuant to Section 60605 of the Education Code. For purposes of this subparagraph, enrollment shall be based on the number of pupils reported for purposes of the 2003 base API pursuant to Section 52052 of the Education Code.

(C) The sum of fifty-eight million three hundred ninety-six thousand dollars ($58,396,000) to the Controller to pay for prior year state obligations for education mandate claims and interest. The Controller shall use the funds to pay for the oldest claims of those no longer subject to audit pursuant to subdivision (a) of Section 17558.5 of the Government Code, including accrued interest. No payments shall be made from these funds on any claims for the Standardized Testing and Reporting (STAR) Program, schoolsite councils, Brown Act reform, School Bus Safety II, or the removal of chemicals.

(D) The sum of twenty-eight million three hundred seventy-six thousand dollars ($28,376,000) to the Board of Governors of the California Community Colleges to provide one-time funding to districts for scheduled maintenance, special repairs, instructional materials, and library materials replacement. These funds shall be expended for the purposes of and be subject to the conditions of expenditures pursuant to Schedule (24.5) of Item 6870-101-0001 of the Budget Act of 2003 (Ch. 157, Stats. 2003).

(b) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subparagraphs (A) to (J), inclusive, of paragraph (1) of subdivision (a) 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 2005–06 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code for the 2005–06 fiscal year.

(c) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subparagraph (K) of paragraph (1) of subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2005–06 fiscal year, and included within the "total allocations to school districts and community college districts from

General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2005–06 fiscal year.

(d) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by paragraph (2) of subdivision (a) 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 2004–05 fiscal year and be 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 the 2004–05 fiscal year.

(e) For the purpose of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by paragraph (3) of subdivision (a) 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 2003–04 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 the 2003–04 fiscal year.

(f) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subparagraph (F) of paragraph (3) of subdivision (a) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2003–04 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 the 2003–04 fiscal year.

SEC. 18. Section 23 of Chapter 900 of the Statutes of 2004 is amended to read:

Sec. 23. (a) The sum of twenty million two hundred thousand dollars ($20,200,000) is hereby appropriated from the General Fund in accordance with the following schedule:

(1) The sum of five million dollars ($5,000,000) to the State Department of Education for transfer to the State Instructional Materials Fund for purposes of acquiring instructional materials for school districts pursuant to subdivision (i) of Section 1240 of the Education Code.

(2) The sum of fifteen million dollars ($15,000,000) to the State Department of Education for allocation to county offices of education to review, monitor, and report on teacher training, certification,

misassignment, hiring and retention practices of school districts pursuant to subparagraph (G) of paragraph (1) of subdivision (a) of Section 42127.6 of the Education Code, subparagraphs (A) and (B) of paragraph (1) of subdivision (b) of Section 44258.9 of the Education Code, and paragraph (4) of subdivision (e) of Section 44258.9 of the Education Code, and to conduct and report on site visits pursuant to paragraph (2) of subdivision (c) of Section 1240 of the Education Code, and oversee the compliance of schools with instructional materials sufficiency requirements as provided in paragraphs (2) to (4), inclusive, of subdivision (i) of Section 1240 of the Education Code. Funds appropriated in this paragraph shall be allocated annually to county offices of education at the rate of three thousand dollars ($3,000) for each school in the county ranked in deciles 1 to 3, inclusive, of the Academic Performance Index, pursuant to Section 52056 of the Education Code, based on the 2003 base Academic Performance Index score for each school, provided that the annual allocation for each county shall be a minimum of twenty thousand dollars ($20,000). If there are insufficient funds in any year to make the allocations required by this paragraph, the department shall allocate funding in proportion to the number of sites in each county. County offices shall contract with another county office or independent auditor for any work funded by this paragraph that is associated with a school operated by that county office.

(3) The sum of two hundred thousand dollars ($200,000) to the State Department of Education to implement this act.

(b) For the purpose of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by paragraphs (1) and (2) of subdivision (a) 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 2003–04 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 the 2003–04 fiscal year. Funds appropriated by this section shall be available for transfer or encumbrance for three fiscal years, beginning in the 2004–05 fiscal year.

SEC. 19. The sum of one million two hundred thousand dollars ($1,200,000) is appropriated from the Donated Food Revolving Fund for support of the State Department of Education, for the purposes of Program 30.50, Donated Food Distribution.

SEC. 20. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7

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

SEC. 21. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that the educational programs affected by this act are properly implemented, it is necessary that this act take effect immediately.

CHAPTER 119

An act to amend Sections 19412, 19549.6, and 19610.8 of the Business and Professions Code, relating to horse racing, and making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 19412 of the Business and Professions Code is amended to read:

19412. (a) "Conventional parimutuel pool" means the total wagers under the parimutuel system on any horse or horses in a particular race to win, place, or show.

(b) "Exotic parimutuel pool" means the total wagers under the parimutuel system on the finishing position of two or more horses in a particular race, such as quinella or exacta wagers, or on horses to win two or more races, such as daily double wagers, pick six wagers, or on other wagers approved by the board.

(c) "Proposition parimutuel pool" means the total wagers under the parimutuel system on propositions approved by the board that are based on the results of a live quarter horse or harness horse race or races.

SEC. 2. Section 19549.6 of the Business and Professions Code is amended to read:

19549.6. Notwithstanding subdivision (b) of Section 19531 and Sections 19540, 19546, and 19549, the board may allocate additional weeks of harness racing to the California Exposition and State Fair in Sacramento or its lessee, to be raced at the California Exposition and State Fair in Sacramento.

SEC. 3 Section 19610.8 of the Business and Professions Code is amended to read:

19610.8. Notwithstanding any other provision of law, and in lieu of any deduction and distribution provided for in this chapter, upon the joint request of the association or fair accepting the wager, and the organization representing the horsemen and horsewomen participating in the meeting of the association or fair accepting the wager, the board may set the total percentage deducted from the parimutuel pool for proposition wagers and any new type of wager introduced after January 1, 2004, in an amount of at least 10 percent and not more than 30 percent of the amount handled in the parimutuel pool for the wager. Three percent of the amount deducted shall be paid to the state as a license fee and, if the wager was placed at a satellite wagering facility or a location other than the host racing association, 8 percent of the amount deducted shall be paid to the satellite wagering facility or to the entity that processed the wager. Notwithstanding the foregoing and in lieu of the license fee set forth herein for proposition wagers, with regard to quarter horse racing only, the total wagers made in a proposition parimutuel pool are subject to the same license fee as exotic wagers on a live quarter horse race. In addition, with respect to thoroughbred racing only, 3 percent of the amount remaining after the payment of the state license fee and payment to a satellite wagering facility or an entity that processed the wager, if any, shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2, and shall thereafter be distributed in accordance with subdivisions (b), (c), and (d) of Section 19617.2. Thereafter, for all kinds of racing, except quarter horse racing, the remaining amount shall be distributed 50 percent to the association conducting the racing meeting and 50 percent to the horsemen participating in the racing meeting as purses. With regard to quarter horse racing, commissions and purses shall be distributed in the amounts mutually agreed upon by the association conducting the meeting and the organization representing the horsemen and horsewomen.

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 eliminate uncertainty in the harness racing schedule, preserve jobs, ensure that harness racing can be conducted on a year-round basis, and for this act to apply to the 2005 racing season, it is necessary for this act to take effect immediately.

CHAPTER 120

An act to amend Section 25761 of the Business and Professions Code, relating to alcoholic beverages.

[Approved by Governor July 25, 2005. Filed with
Secretary of State July 25, 2005.]

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

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

(a) In 1995, the Department of Alcoholic Beverage Control embarked on a new and innovative approach to broaden and increase the level of alcoholic beverage law enforcement by working in partnership with cities and counties through a grant assistance program. The mission of the grant assistance program is to work with law enforcement agencies to develop an effective, comprehensive, and strategic approach to eliminating the crime and public nuisance problems associated with problem alcoholic beverage outlets, and then to institutionalize those approaches within the local police agency.

(b) Communities with a high concentration of alcohol outlets experience a greater number of alcohol-related problems. Problematic operations contribute disproportionately to the incidence of drug dealing, public drunkenness, drunk driving, underage drinking, assaults, and other conditions that breed neighborhood decay. Excessive complaints and calls for service at problem outlets divert already scarce police resources.

(c) Fiscal constraints at the state and local level have greatly reduced law enforcement staff assigned to alcoholic beverage law enforcement. Many of the state's police and sheriffs' departments have been forced to reprioritize their missions and divert their ABC-related enforcement resources to other areas such as violent crime suppression and street patrol. However, there is now a strong movement by cities and communities for more rigorous enforcement to control the increasing number of alcohol outlets that have become focal points for crime.

(d) The grant assistance program is a successful model in law enforcement collaboration that results in a more effective use of human resources, a reduction in crime, and a more efficient use of taxpayer funds. The success can be measured quantitatively by the reduction in alcohol-related arrests, crimes, and calls for services in many jurisdictions. Further quantitative measures include the number of administrative accusations registered, arrests and citations, decoy programs, and community outreach meetings. Qualitative measures include declarations of satisfaction from local officers and community

members, and visible improvements in the physical conditions of targeted communities.

(e) The grant assistance program is a vital tool in the enforcement of alcohol laws, preserves the safety, welfare, health, and morals of the people of this state, and should receive a steady and secure source of funding.

SEC. 2. Section 25761 of the Business and Professions Code is amended to read:

25761. All money collected as fees pursuant to this division, as payments under Section 23096, and under the excise tax provisions of this division or Part 14 (commencing with Section 32001) of Division 2 of the Revenue and Taxation Code shall be deposited in the State Treasury to the credit of the Alcohol Beverage Control Fund, which fund is continued in existence.

The money in the Alcohol Beverage Control Fund shall be expended as follows:

(a) The amount necessary for the allowance of the refunds provided for in this division or Part 14 (commencing with Section 32001) of Division 2 of the Revenue and Taxation Code is hereby appropriated, without regard to fiscal years, to the Controller for payment of these refunds.

(b) All money derived as payment under Section 23096 and from excise taxes under Part 14 (commencing with Section 32001) of Division 2 of the Revenue and Taxation Code remaining after compliance with subdivision (a) shall be transferred to the General Fund on the order of the Controller.

(c) All original license fees paid on or after July 1, 1998, pursuant to Section 23954.5 shall remain in the Alcohol Beverage Control Fund.

(d) All other money collected as fees and deposited in the Alcohol Beverage Control Fund shall be allocated, upon appropriation by the Legislature, to the Department of Alcoholic Beverage Control for the enforcement and administration of the Alcoholic Beverage Control Act.

(e) Money transferred to the General Fund pursuant to subdivision (b) shall be in lieu of any assessment that would be made on the Department of Alcoholic Beverage Control pursuant to Section 11270 and following of the Government Code.

(f) Upon appropriation by the Legislature, the amount necessary for the support of the Department of Alcoholic Beverage Control's grant assistance program. This amount shall be sufficient to cover the salaries and benefits of the alcohol beverage control peace officer positions dedicated to this program. However, based on the available revenue in the Alcohol Beverage Control Fund, the amount shall not be less than

one million five hundred thousand dollars ($1,500,000) and not more than three million dollars ($3,000,000).

CHAPTER 121

An act to add Section 2188.5 to the Elections Code, relating to voter information.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. (a) The Legislature finds that identity theft is one of the fastest growing crimes in America. Last year nearly 10 million people across the nation were victimized, resulting in losses to businesses and consumers of more than 50 billion dollars. California has the unflattering distinction of being the only state last year with more than one million identity theft victims. One in 10 of the nation's victims of identity theft are Californians, and the state has 5 of the nation's top 15 regions for identity theft, according to the Federal Trade Commission. The FBI has reported that many identity thefts that occur in the United States are hatched internationally and a leading bank regulator, the Federal Deposit Insurance Corporation, has warned that increased outsourcing of jobs overseas has heightened the risk of identity theft.

(b) The Legislature further finds that identity theft is not a partisan issue; persons across the political spectrum share growing concerns that the cost of losing one's personal identity and privacy is much greater than an issue of dollars and cents. Recent opinion polls reveal that Californians place protecting their right to privacy as a major concern. Victims of identity theft tell horror stories of the hundreds of painful hours they must spend talking to credit card companies, banks, insurance companies, law enforcement officials, and merchants just to clear their name and their credit. The crisis has created sufficient concern that it recently led to the state's first identity theft conference, held recently on March 1, 2005. The conference partners included Governor Arnold Schwarzenegger, law enforcement officials, politicians, businesses, consumer advocates, and identity theft victims. All of the participants recognized that the state needs to do much more to protect the identity of California's citizens.

(c) The Legislature further finds that the sharing of voter information and initiative petition signatures abroad creates special risks to the state's

democratic process. It is well understood that voter registration is the initial step in citizens' involvement in the democratic process. Only registered voters are permitted to vote in a democracy to safeguard the principle that elections are fair and only those entitled to vote do so. In addition, under the California Constitution's initiative requirements, only those proposed initiative measures that have the support of a specified number of petition signers may properly qualify to be voted on by the state's electorate. It is therefore manifest that if voters come to believe that by signing an initiative petition or registering to vote they may risk becoming victims of identity theft through the outsourcing of their identities abroad, they may not sign the petition and they may not vote. It is therefore imperative that the state undertake increased measures to protect the voter-related identities and personal information of all Californians.

SEC. 2. Section 2188.5 is added to the Elections Code, to read:

2188.5. (a) A person who requests voter information pursuant to Section 2188 or who obtains signatures or other information collected for an initiative, referendum, or recall petition shall not send that information outside of the United States or make it available in any way electronically to persons outside the United States, including, but not limited to, access over the Internet.

(b) For purposes of this section, "United States" includes each of the several states of the United States, the District of Columbia, and the territories and possessions of the United States.

CHAPTER 122

An act to add Section 6536 to the Government Code, relating to joint powers authority.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 6536 is added to the Government Code, to read:

6536. Notwithstanding any other provision of this chapter, a private, nonprofit corporation that conducts fairs and other events and exhibitions on land leased from the County of Los Angeles may enter into a joint powers agreement with a public agency, as defined in Section 6500, for mutually beneficial uses of the public land. The agency formed pursuant

to this joint powers agreement shall be deemed a public entity as described in Section 6507.

SEC. 2. The Legislature finds and declares that, due to the unique circumstances applicable to the County of Los Angeles, a statute of general applicability cannot be made applicable within the meaning of subdivision (b) of Section 16 of Article VI of the California Constitution.

CHAPTER 123

An act to amend Section 52 of the Civil Code, and to amend Section 338 of the Code of Civil Procedure, relating to protected classes.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 52 of the Civil Code is amended to read:

52. (a) Whoever denies, aids or incites a denial, or makes any discrimination or distinction contrary to Section 51, 51.5, or 51.6, is liable for each and every offense for the actual damages, and any amount that may be determined by a jury, or a court sitting without a jury, up to a maximum of three times the amount of actual damage but in no case less than four thousand dollars ($4,000), and any attorney's fees that may be determined by the court in addition thereto, suffered by any person denied the rights provided in Section 51, 51.5, or 51.6.

(b) Whoever denies the right provided by Section 51.7 or 51.9, or aids, incites, or conspires in that denial, is liable for each and every offense for the actual damages suffered by any person denied that right and, in addition, the following:

(1) An amount to be determined by a jury, or a court sitting without a jury, for exemplary damages.

(2) A civil penalty of twenty-five thousand dollars ($25,000) to be awarded to the person denied the right provided by Section 51.7 in any action brought by the person denied the right, or by the Attorney General, a district attorney, or a city attorney. An action for that penalty brought pursuant to Section 51.7 shall be commenced within three years of the alleged practice.

(3) Attorney's fees as may be determined by the court.

(c) Whenever there is reasonable cause to believe that any person or group of persons is engaged in conduct of resistance to the full enjoyment of any of the rights described in this section, and that conduct is of that

nature and is intended to deny the full exercise of those rights, the Attorney General, any district attorney or city attorney, or any person aggrieved by the conduct may bring a civil action in the appropriate court by filing with it a complaint. The complaint shall contain the following:

(1) The signature of the officer, or, in his or her absence, the individual acting on behalf of the officer, or the signature of the person aggrieved.

(2) The facts pertaining to the conduct.

(3) A request for preventive relief, including an application for a permanent or temporary injunction, restraining order, or other order against the person or persons responsible for the conduct, as the complainant deems necessary to ensure the full enjoyment of the rights described in this section.

(d) Whenever an action has been commenced in any court seeking relief from the denial of equal protection of the laws under the Fourteenth Amendment to the Constitution of the United States on account of race, color, religion, sex, national origin, or disability, the Attorney General or any district attorney or city attorney for or in the name of the people of the State of California may intervene in the action upon timely application if the Attorney General or any district attorney or city attorney certifies that the case is of general public importance. In that action, the people of the State of California shall be entitled to the same relief as if it had instituted the action.

(e) Actions brought pursuant to this section are independent of any other actions, remedies, or procedures that may be available to an aggrieved party pursuant to any other law.

(f) Any person claiming to be aggrieved by an alleged unlawful practice in violation of Section 51 or 51.7 may also file a verified complaint with the Department of Fair Employment and Housing pursuant to Section 12948 of the Government Code.

(g) This section does not require any construction, alteration, repair, structural or otherwise, or modification of any sort whatsoever, beyond that construction, alteration, repair, or modification that is otherwise required by other provisions of law, to any new or existing establishment, facility, building, improvement, or any other structure, nor does this section augment, restrict, or alter in any way the authority of the State Architect to require construction, alteration, repair, or modifications that the State Architect otherwise possesses pursuant to other laws.

(h) For the purposes of this section, "actual damages" means special and general damages. This subdivision is declaratory of existing law.

SEC. 2. Section 338 of the Code of Civil Procedure is amended to read:

338. Within three years:

(a) An action upon a liability created by statute, other than a penalty or forfeiture.

(b) An action for trespass upon or injury to real property.

(c) An action for taking, detaining, or injuring any goods or chattels, including actions for the specific recovery of personal property. The cause of action in the case of theft, as defined in Section 484 of the Penal Code, of any article of historical, interpretive, scientific, or artistic significance is not deemed to have accrued until the discovery of the whereabouts of the article by the aggrieved party, his or her agent, or the law enforcement agency which originally investigated the theft.

(d) An action for relief on the ground of fraud or mistake. The cause of action in that case is not to be deemed to have accrued until the discovery, by the aggrieved party, of the facts constituting the fraud or mistake.

(e) An action upon a bond of a public official except any cause of action based on fraud or embezzlement is not to be deemed to have accrued until the discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action upon the bond.

(f) An action against a notary public on his or her bond or in his or her official capacity except that any cause of action based on malfeasance or misfeasance is not deemed to have accrued until discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action; provided, that any action based on malfeasance or misfeasance shall be commenced within one year from discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action or within three years from the performance of the notarial act giving rise to the action, whichever is later; and provided further, that any action against a notary public on his or her bond or in his or her official capacity shall be commenced within six years.

(g) An action for slander of title to real property.

(h) An action commenced under Section 17536 of the Business and Professions Code. The cause of action in that case shall not be deemed to have accrued until the discovery by the aggrieved party, the Attorney General, the district attorney, the county counsel, the city prosecutor, or the city attorney of the facts constituting grounds for commencing such an action.

(i) An action commenced under the Porter-Cologne Water Quality Control Act (Division 7 (commencing with Section 13000) of the Water Code). The cause of action in that case shall not be deemed to have accrued until the discovery by the State Water Resources Control Board or a regional water quality control board of the facts constituting grounds for commencing actions under their jurisdiction.

(j) An action to recover for physical damage to private property under Section 19 of Article I of the California Constitution.

(k) An action commenced under Division 26 (commencing with Section 39000) of the Health and Safety Code. These causes of action shall not be deemed to have accrued until the discovery by the State Air Resources Board or by a district, as defined in Section 39025 of the Health and Safety Code, of the facts constituting grounds for commencing the action under its jurisdiction.

(*l*) An action commenced under Section 1603.1 or 5650.1 of the Fish and Game Code. These causes of action shall not be deemed to have accrued until discovery by the agency bringing the action of the facts constituting the grounds for commencing the action.

(m) An action challenging the validity of the levy upon a parcel of a special tax levied by a local agency on a per parcel basis.

(n) An action commenced under Section 51.7 of the Civil Code.

CHAPTER 124

An act relating to the payment of judgment and settlement claims against the state, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. The sum of two million four hundred thousand dollars ($2,400,000) is hereby appropriated from the General Fund to the State Department of Education to pay for the settlement in the case of Bryant et al. v. West Valley and related cases (San Luis Obispo County Superior Court, Case No. CV 011144 and Case No. CV 011133).

Any funds appropriated in excess of the amounts actually required for the payment of this settlement claim shall revert to the General Fund on June 30 of the fiscal year in which the final payment is made.

SEC. 2. The sum of two hundred twenty thousand dollars ($220,000) is hereby appropriated from the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 to the Department of General Services to pay for the settlement in the case of Mallcraft Inc. v. State of California et al. (Office of Administrative Law Hearing Case Number A-0016-04).

Any funds appropriated in excess of the amounts actually required for the payment of this settlement claim shall revert to the Earthquake Safety

and Public Buildings Rehabilitation Fund of 1990 on June 30 of the fiscal year in which the final payment is made.

SEC. 3. The sum of fourteen million sixty-seven thousand two hundred nineteen dollars and eighty-nine cents ($14,067,219.89) is hereby appropriated from the General Fund to the Department of General Services to pay for the judgment in the case of Williams et al. v. State of California, et al. (County of San Francisco Superior Court, Case Number 312236).

Any funds appropriated in excess of the amounts actually required for the payment of this judgment claim shall revert to the General Fund on June 30 of the fiscal year in which the final payment is made.

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 pay judgments and settlement claims against the state and end hardship to claimants as quickly as possible, it is necessary for this act to take effect immediately.

CHAPTER 125

An act to amend Sections 6345 and 6361 of the Family Code, relating to protective orders.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 6345 of the Family Code is amended to read:

6345. (a) In the discretion of the court, the personal conduct, stay-away, and residence exclusion orders contained in a court order issued after notice and a hearing under this article may have a duration of not more than five years, subject to termination or modification by further order of the court either on written stipulation filed with the court or on the motion of a party. These orders may be renewed, upon the request of a party, either for five years or permanently, without a showing of any further abuse since the issuance of the original order, subject to termination or modification by further order of the court either on written stipulation filed with the court or on the motion of a party.

(b) Notwithstanding subdivision (a), the duration of any orders, other than the protective orders described in subdivision (a), that are also

contained in a court order issued after notice and a hearing under this article, including, but not limited to, orders for custody, visitation, support, and disposition of property, shall be governed by the law relating to those specific subjects.

(c) The failure to state the expiration date on the face of the form creates an order with a duration of three years from the date of issuance.

SEC. 2. Section 6361 of the Family Code is amended to read:

6361. If an order is included in a judgment pursuant to this article, the judgment shall state on its face both of the following:

(a) Which provisions of the judgment are the orders.

(b) The date of expiration of the orders, which shall be not more than five years from the date the judgment is issued, unless extended by the court after notice and a hearing.

CHAPTER 126

An act to amend Sections 21456.2 and 21456.3 of, and to amend and repeal Section 21450 of, the Vehicle Code, relating to transportation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 21450 of the Vehicle Code, as amended by Section 1 of Chapter 277 of the Statutes of 1999, is amended to read:

21450. Whenever traffic is controlled by official traffic control signals showing different colored lights, color-lighted arrows, or color-lighted bicycle symbols, successively, one at a time, or in combination, only the colors green, yellow, and red shall be used, except for pedestrian control signals, and those lights shall indicate and apply to drivers of vehicles, operators of bicycles, and pedestrians as provided in this chapter.

SEC. 2. Section 21450 of the Vehicle Code, as added by Chapter 277 of the Statutes of 1999, is repealed.

SEC. 3. Section 21456.2 of the Vehicle Code is amended to read:

21456.2. (a) Unless otherwise directed by a bicycle signal as provided in Section 21456.3, an operator of a bicycle shall obey the provisions of this article applicable to the driver of a vehicle.

(b) Whenever an official traffic control signal exhibiting different colored bicycle symbols is shown concurrently with official traffic control signals exhibiting different colored lights or arrows, an operator of a bicycle facing those traffic control signals shall obey the bicycle signals as provided in Section 21456.3.

SEC. 4. Section 21456.3 of the Vehicle Code is amended to read:

21456.3. (a) An operator of a bicycle facing a green bicycle signal shall proceed straight through or turn right or left or make a U-turn unless a sign prohibits a U-turn. An operator of a bicycle, including one turning, shall yield the right-of-way to other traffic and to pedestrians lawfully within the intersection or an adjacent crosswalk.

(b) An operator of a bicycle facing a steady yellow bicycle signal is, by that signal, warned that the related green movement is ending or that a red indication will be shown immediately thereafter.

(c) Except as provided in subdivision (d), an operator of a bicycle facing a steady red bicycle signal shall stop at a marked limit line, but if none, before entering the crosswalk on the near side of the intersection, or, if none, then before entering the intersection, and shall remain stopped until an indication to proceed is shown.

(d) Except when a sign is in place prohibiting a turn, an operator of a bicycle, after stopping as required by subdivision (c), facing a steady red bicycle signal, may turn right, or turn left from a one-way street onto a one-way street. An operator of a bicycle making a turn shall yield the right-of-way to pedestrians lawfully within an adjacent crosswalk and to traffic lawfully using the intersection.

(e) A bicycle signal may be used only at those locations that meet geometric standards or traffic volume standards, or both, as adopted by the Department of Transportation.

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.

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 extend indefinitely the use of colored-lighted bicycle symbols on official traffic control signals as soon as possible, it is necessary that this act take effect immediately.

CHAPTER 127

An act to amend Section 14105.436 of the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 25, 2005. Filed with Secretary of State July 25, 2005.]

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

SECTION 1. Section 14105.436 of the Welfare and Institutions Code is amended to read:

14105.436. (a) Effective July 1, 2002, all pharmaceutical manufacturers shall provide to the department a state rebate, in addition to rebates pursuant to other provisions of state or federal law, for any drug products that have been added to the Medi-Cal list of contract drugs pursuant to Section 14105.43 or 14133.2 and reimbursed through the Medi-Cal outpatient fee-for-service drug program. The state rebate shall be negotiated as necessary between the department and the pharmaceutical manufacturer. The negotiations shall take into account offers such as rebates, discounts, disease management programs, and other cost savings offerings and shall be retroactive to July 1, 2002.

(b) The department may use existing administrative mechanisms for any drug for which the department does not obtain a rebate pursuant to subdivision (a). The department may only use those mechanisms in the event that, by February 1, 2003, the manufacturer refuses to provide the additional rebate.

(c) In no event shall a beneficiary be denied continued use of a drug that is part of a prescribed therapy and that is the subject of an administrative mechanism pursuant to subdivision (b) until the prescribed therapy is no longer prescribed.

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 enact legislation, as soon as possible, to continue provisions due to become inoperative July 1, 2005, that result in General Fund savings, it is necessary that this act take effect immediately.

CHAPTER 128

An act to amend Sections 2981 and 2982 of, and to add Sections 2982.2 and 2982.10 to, the Civil Code, to add Section 6012.3 to the Revenue and Taxation Code, and to amend Section 11709.2 of, and to add Sections 11713.18, 11713.19, 11713.20, and 11713.21 to, the Vehicle Code, relating to consumers.

[Approved by Governor July 26, 2005. Filed with Secretary of State July 26, 2005.]

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 "Car Buyer's Bill of Rights."

(b) It is the intent of the Legislature to place limits and restrictions on motor vehicle dealers licensed pursuant to Article 1 (commencing with Section 11700) of Chapter 4 of Division 5 of the Vehicle Code. Nothing in this act is intended to change or limit the rights or defenses available under current law to an assignee who obtains a conditional sale contract for value without notice of any claim or defense against him or her by any other person.

SEC. 2. Section 2981 of the Civil Code is amended to read:

2981. As used in this chapter, unless the context otherwise requires:

(a) "Conditional sale contract" means:

(1) A contract for the sale of a motor vehicle between a buyer and a seller, with or without accessories, under which possession is delivered to the buyer and either of the following:

(A) The title vests in the buyer thereafter only upon the payment of all or a part of the price, or the performance of any other condition.

(B) A lien on the property is to vest in the seller as security for the payment of part or all of the price, or for the performance of any other condition.

(2) A contract for the bailment of a motor vehicle between a buyer and a seller, with or without accessories, by which the bailee or lessee agrees to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the vehicle and its accessories, if any, at the time the contract is executed, and by which it is agreed that

the bailee or lessee will become, or for no other or for a nominal consideration has the option of becoming, the owner of the vehicle upon full compliance with the terms of the contract.

(b) "Seller" means a person engaged in the business of selling or leasing motor vehicles under conditional sale contracts.

(c) "Buyer" means the person who buys or hires a motor vehicle under a conditional sale contract.

(d) "Person" includes an individual, company, firm, association, partnership, trust, corporation, limited liability company, or other legal entity.

(e) "Cash price" means the amount for which the seller would sell and transfer to the buyer unqualified title to the motor vehicle described in the conditional sale contract, if the property were sold for cash at the seller's place of business on the date the contract is executed, and shall include taxes to the extent imposed on the cash sale and the cash price of accessories or services related to the sale, including, but not limited to, delivery, installation, alterations, modifications, improvements, document preparation fees, a service contract, a vehicle contract cancellation option agreement, and payment of a prior credit or lease balance remaining on property being traded in.

(f) "Downpayment" means a payment that the buyer pays or agrees to pay to the seller in cash or property value or money's worth at or prior to delivery by the seller to the buyer of the motor vehicle described in the conditional sale contract. The term shall also include the amount of any portion of the downpayment the payment of which is deferred until not later than the due date of the second otherwise scheduled payment, if the amount of the deferred downpayment is not subject to a finance charge. The term does not include any administrative finance charge charged, received or collected by the seller as provided in this chapter.

(g) "Amount financed" means the amount required to be disclosed pursuant to paragraph (8) of subdivision (a) of Section 2982.

(h) "Unpaid balance" means the difference between subdivision (e) and subdivision (f), plus all insurance premiums (except for credit life or disability insurance when the amount thereof is included in the finance charge), which are included in the contract balance, and the total amount paid or to be paid as follows:

(1) To a public officer in connection with the transaction.

(2) For license, certificate of title, and registration fees imposed by law, and the amount of the state fee for issuance of a certificate of compliance or certificate of waiver pursuant to Section 9889.56 of the Business and Professions Code.

(i) "Finance charge" has the meaning set forth for that term in Section 226.4 of Regulation Z. The term shall not include delinquency charges

or collection costs and fees as provided by subdivision (k) of Section 2982, extension or deferral agreement charges as provided by Section 2982.3, or amounts for insurance, repairs to or preservation of the motor vehicle, or preservation of the security interest therein advanced by the holder under the terms of the contract.

(j) "Total of payments" means the amount required to be disclosed pursuant to subdivision (h) of Section 226.18 of Regulation Z. The term includes any portion of the downpayment that is deferred until not later than the second otherwise scheduled payment and that is not subject to a finance charge. The term shall not include amounts for which the buyer may later become obligated under the terms of the contract in connection with insurance, repairs to or preservation of the motor vehicle, preservation of the security interest therein, or otherwise.

(k) "Motor vehicle" means a vehicle required to be registered under the Vehicle Code that is bought for use primarily for personal or family purposes, and does not mean any vehicle that is bought for use primarily for business or commercial purposes or a mobilehome, as defined in Section 18008 of the Health and Safety Code that is sold on or after July 1, 1981. "Motor vehicle" does not include any trailer that is sold in conjunction with a vessel and that comes within the definition of "goods" under Section 1802.1.

(*l*) "Purchase order" means a sales order, car reservation, statement of transaction or any other such instrument used in the conditional sale of a motor vehicle pending execution of a conditional sale contract. The purchase order shall conform to the disclosure requirements of subdivision (a) of Section 2982 and Section 2984.1, and subdivision (m) of Section 2982 shall apply.

(m) "Regulation Z" means a rule, regulation or interpretation promulgated by the Board of Governors of the Federal Reserve System ("Board") under the federal Truth in Lending Act, as amended (15 U.S.C. 1601, et seq.), and an interpretation or approval issued by an official or employee of the Federal Reserve System duly authorized by the board under the Truth in Lending Act, as amended, to issue the interpretations or approvals.

(n) "Simple-interest basis" means the determination of a finance charge, other than an administrative finance charge, by applying a constant rate to the unpaid balance as it changes from time to time either:

(1) Calculated on the basis of a 365-day year and actual days elapsed (although the seller may, but need not, adjust its calculations to account for leap years); reference in this chapter to the "365-day basis" shall mean this method of determining the finance charge, or

(2) For contracts entered into prior to January 1, 1988, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and

on the assumption that all payments will be received by the seller on their respective due dates; reference in this chapter to the "360-day basis" shall mean this method of determining the finance charge.

(o) "Precomputed basis" means the determination of a finance charge by multiplying the original unpaid balance of the contract by a rate and multiplying that product by the number of payment periods elapsing between the date of the contract and the date of the last scheduled payment.

(p) "Service contract" means "vehicle service contract" as defined in subdivision (c) of Section 12800 of the Insurance Code.

(q) "Surface protection product" means the following products installed by the seller after the motor vehicle is sold:

(1) Undercoating.

(2) Rustproofing.

(3) Chemical or film paint sealant or protectant.

(4) Chemical sealant or stain inhibitor for carpet and fabric.

(r) "Theft deterrent device" means the following devices installed by the seller after the motor vehicle is sold:

(1) A vehicle alarm system.

(2) A window etch product.

(3) A body part marking product.

(4) A steering lock.

(5) A pedal or ignition lock.

(6) A fuel or ignition kill switch.

SEC. 3. Section 2982 of the Civil Code is amended to read:

2982. A conditional sale contract subject to this chapter shall contain the disclosures required by Regulation Z, whether or not Regulation Z applies to the transaction. In addition, to the extent applicable, the contract shall contain the other disclosures and notices required by, and shall satisfy the requirements and limitations of, this section. The disclosures required by subdivision (a) may be itemized or subtotaled to a greater extent than as required by that subdivision and shall be made together and in the sequence set forth in that subdivision. All other disclosures and notices may appear in the contract in any location or sequence and may be combined or interspersed with other provisions of the contract.

(a) The contract shall contain the following disclosures, as applicable, which shall be labeled "itemization of the amount financed:"

(1) (A) The cash price, exclusive of document preparation fees, business partnership automation fees, taxes imposed on the sale, pollution control certification fees, prior credit or lease balance on property being traded in, the amount charged for a service contract, the amount charged for a theft deterrent system, the amount charged for a surface protection

product, the amount charged for an optional debt cancellation agreement, and the amount charged for a contract cancellation option agreement.

(B) The fee to be retained by the seller for document preparation.

(C) The fee charged by the seller for certifying that the motor vehicle complies with applicable pollution control requirements.

(D) A charge for a theft deterrent device.

(E) A charge for a surface protection product.

(F) Taxes imposed on the sale.

(G) The amount of any optional business partnership automation fee to register or transfer the vehicle, which shall be labeled "Optional DMV Electronic Filing Fee."

(H) The amount charged for a service contract.

(I) The prior credit or lease balance remaining on property being traded in, as required by paragraph (6). The disclosure required by this subparagraph shall be labeled "prior credit or lease balance (see downpayment and trade-in calculation)."

(J) Any charge for an optional debt cancellation agreement.

(K) Any charge for a used vehicle contract cancellation option agreement.

(L) The total cash price, which is the sum of subparagraphs (A) to (K), inclusive.

(M) The disclosures described in subparagraphs (D), (E), and (K) are not required on contracts involving the sale of a motorcycle, as defined in Section 400 of the Vehicle Code, or on contracts involving the sale of an off-highway motor vehicle that is subject to identification under Section 38010 of the Vehicle Code, and the amounts of those charges, if any, are not required to be reflected in the total price under subparagraph (L).

(2) Amounts paid to public officials for the following:

(A) Vehicle license fees.

(B) Registration, transfer, and titling fees.

(C) California tire fees imposed pursuant to Section 42885 of the Public Resources Code.

(3) The aggregate amount of premiums agreed, upon execution of the contract, to be paid for policies of insurance included in the contract, excluding the amount of any insurance premium included in the finance charge.

(4) The amount of the state fee for issuance of a certificate of compliance, noncompliance, exemption, or waiver pursuant to any applicable pollution control statute.

(5) A subtotal representing the sum of the foregoing items.

(6) The amount of the buyer's downpayment itemized to show the following:

(A) The agreed value of the property being traded in.

(B) The prior credit or lease balance, if any, owing on the property being traded in.

(C) The net agreed value of the property being traded in, which is the difference between the amounts disclosed in subparagraphs (A) and (B). If the prior credit or lease balance of the property being traded in exceeds the agreed value of the property, a negative number shall be stated.

(D) The amount of any portion of the downpayment to be deferred until not later than the due date of the second regularly scheduled installment under the contract and that is not subject to a finance charge.

(E) The amount of any manufacturer's rebate applied or to be applied to the downpayment.

(F) The remaining amount paid or to be paid by the buyer as a downpayment.

(G) The total downpayment. If the sum of subparagraphs (C) to (F), inclusive, is zero or more, that sum shall be stated as the total downpayment and no amount shall be stated as the prior credit or lease balance under subparagraph (I) of paragraph (1). If the sum of subparagraphs (C) to (F), inclusive, is less than zero, then that sum, expressed as a positive number, shall be stated as the prior credit or lease balance under subparagraph (I) of paragraph (1), and zero shall be stated as the total downpayment. The disclosure required by this subparagraph shall be labeled "total downpayment" and shall contain a descriptor indicating that if the total downpayment is a negative number, a zero shall be disclosed as the total downpayment and a reference made that the remainder shall be included in the disclosure required pursuant to subparagraph (I) of paragraph (1).

(7) The amount of any administrative finance charge, labeled "prepaid finance charge."

(8) The difference between item (5) and the sum of items (6) and (7), labeled "amount financed."

(b) No particular terminology is required to disclose the items set forth in subdivision (a) except as expressly provided in that subdivision.

(c) If payment of all or a portion of the downpayment is to be deferred, the deferred payment shall be reflected in the payment schedule disclosed pursuant to Regulation Z.

(d) If the downpayment includes property being traded in, the contract shall contain a brief description of that property.

(e) The contract shall contain the names and addresses of all persons to whom the notice required under Section 2983.2 and permitted under Sections 2983.5 and 2984 is to be sent.

(f) (1) If the contract includes a finance charge determined on the precomputed basis, the contract shall identify the method of computing

the unearned portion of the finance charge in the event of prepayment in full of the buyer's obligation and contain a statement of the amount or method of computation of any charge that may be deducted from the amount of any unearned finance charge in computing the amount that will be credited to the obligation or refunded to the buyer. The method of computing the unearned portion of the finance charge shall be sufficiently identified with a reference to the actuarial method if the computation will be under that method. The method of computing the unearned portion of the finance charge shall be sufficiently identified with a reference to the Rule of 78's, the sum of the digits, or the sum of the periodic time balances method in all other cases, and those references shall be deemed to be equivalent for disclosure purposes.

(2) If the contract includes a finance charge that is determined on the simple-interest basis but provides for a minimum finance charge in the event of prepayment in full, the contract shall contain a statement of that fact and the amount of the minimum finance charge or its method of calculation.

(g) (1) If the contract includes a finance charge that is determined on the precomputed basis and provides that the unearned portion of the finance charge to be refunded upon full prepayment of the contract is to be determined by a method other than actuarial, the contract shall contain a notice, in at least 10-point boldface type if the contract is printed, reading as follows: "Notice to buyer: (1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled-in copy of this agreement. (3) You can prepay the full amount due under this agreement at any time and obtain a partial refund of the finance charge if it is $1 or more. Because of the way the amount of this refund will be figured, the time when you prepay could increase the ultimate cost of credit under this agreement. (4) If you default in the performance of your obligations under this agreement, the vehicle may be repossessed and you may be subject to suit and liability for the unpaid indebtedness evidenced by this agreement."

(2) If the contract includes a finance charge that is determined on the precomputed basis and provides for the actuarial method for computing the unearned portion of the finance charge upon prepayment in full, the contract shall contain a notice, in at least 10-point boldface type if the contract is printed, reading as follows: "Notice to buyer: (1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled-in copy of this agreement. (3) You can prepay the full amount due under this agreement at any time and obtain a partial refund of the finance charge if it is $1 or more. (4) If you default in the performance of your obligations under

this agreement, the vehicle may be repossessed and you may be subject to suit and liability for the unpaid indebtedness evidenced by this agreement."

(3) If the contract includes a finance charge that is determined on the simple-interest basis, the contract shall contain a notice, in at least 10-point boldface type if the contract is printed, reading as follows: "Notice to buyer: (1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled-in copy of this agreement. (3) You can prepay the full amount due under this agreement at any time. (4) If you default in the performance of your obligations under this agreement, the vehicle may be repossessed and you may be subject to suit and liability for the unpaid indebtedness evidenced by this agreement."

(h) The contract shall contain a notice in at least 8-point boldface type, acknowledged by the buyer, that reads as follows:

"If you have a complaint concerning this sale, you should try to resolve it with the seller.

Complaints concerning unfair or deceptive practices or methods by the seller may be referred to the city attorney, the district attorney, or an investigator for the Department of Motor Vehicles, or any combination thereof.

After this contract is signed, the seller may not change the financing or payment terms unless you agree in writing to the change. You do not have to agree to any change, and it is an unfair or deceptive practice for the seller to make a unilateral change.

_____

Buyer's Signature"

(i) (1) The contract shall contain an itemization of any insurance included as part of the amount financed disclosed pursuant to paragraph (3) of subdivision (a) and of any insurance included as part of the finance charge. The itemization shall identify the type of insurance coverage and the premium charged therefor, and, if the insurance expires before the date of the last scheduled installment included in the repayment schedule, the term of the insurance shall be stated.

(2) If any charge for insurance, other than for credit life or disability, is included in the contract balance and disbursement of any part thereof is to be made more than one year after the date of the conditional sale contract, any finance charge on the amount to be disbursed after one year shall be computed from the month the disbursement is to be made to the due date of the last installment under the conditional sale contract.

(j) (1) Except for contracts in which the finance charge or portion thereof is determined by the simple-interest basis and the amount financed disclosed pursuant to paragraph (8) of subdivision (a) is more than two thousand five hundred dollars ($2,500), the dollar amount of the disclosed finance charge may not exceed the greater of:

(A) (i) One and one-half percent on so much of the unpaid balance as does not exceed two hundred twenty-five dollars ($225), 1 ⅙ percent on so much of the unpaid balance in excess of two hundred twenty-five dollars ($225) as does not exceed nine hundred dollars ($900) and five-sixths of 1 percent on so much of the unpaid balance in excess of nine hundred dollars ($900) as does not exceed two thousand five hundred dollars ($2,500).

(ii) One percent of the entire unpaid balance; multiplied in either case by the number of months (computed on the basis of a full month for any fractional month period in excess of 15 days) elapsing between the date of the contract and the due date of the last installment.

(B) If the finance charge is determined by the precomputed basis, twenty-five dollars ($25).

(C) If the finance charge or a portion thereof is determined by the simple-interest basis:

(i) Twenty-five dollars ($25) if the unpaid balance does not exceed one thousand dollars ($1,000).

(ii) Fifty dollars ($50) if the unpaid balance exceeds one thousand dollars ($1,000) but does not exceed two thousand dollars ($2,000).

(iii) Seventy-five dollars ($75) if the unpaid balance exceeds two thousand dollars ($2,000).

(2) The holder of the contract may not charge, collect, or receive a finance charge that exceeds the disclosed finance charge, except to the extent (A) caused by the holder's receipt of one or more payments under a contract that provides for determination of the finance charge or a portion thereof on the 365-day basis at a time or times other than as originally scheduled whether or not the parties enter into an agreement pursuant to Section 2982.3, (B) permitted by paragraph (2), (3), or (4) of subdivision (c) of Section 226.17 of Regulation Z, or (C) permitted by subdivisions (a) and (c) of Section 2982.8.

(3) If the finance charge or a portion thereof is determined by the simple-interest basis and the amount of the unpaid balance exceeds five thousand dollars ($5,000), the holder of the contract may, in lieu of its right to a minimum finance charge under subparagraph (C) of paragraph (1), charge, receive, or collect on the date of the contract an administrative finance charge not to exceed seventy-five dollars ($75), provided that the sum of the administrative finance charge and the portion of the finance charge determined by the simple-interest basis shall not

exceed the maximum total finance charge permitted by subparagraph (A) of paragraph (1). Any administrative finance charge that is charged, received, or collected by a holder shall be deemed a finance charge earned on the date of the contract.

(4) If a contract provides for unequal or irregular payments, or payments on other than a monthly basis, the maximum finance charge shall be at the effective rate provided for in paragraph (1), having due regard for the schedule of installments.

(k) The contract may provide that for each installment in default for a period of not less than 10 days the buyer shall pay a delinquency charge in an amount not to exceed in the aggregate 5 percent of the delinquent installment, which amount may be collected only once on any installment regardless of the period during which it remains in default. Payments timely received by the seller under an extension or deferral agreement may not be subject to a delinquency charge unless the charge is permitted by Section 2982.3. The contract may provide for reasonable collection costs and fees in the event of delinquency.

(*l*) Notwithstanding any provision of a contract to the contrary, the buyer may pay at any time before maturity the entire indebtedness evidenced by the contract without penalty. In the event of prepayment in full:

(1) If the finance charge was determined on the precomputed basis, the amount required to prepay the contract shall be the outstanding contract balance as of that date, provided, however, that the buyer shall be entitled to a refund credit in the amount of the unearned portion of the finance charge, except as provided in paragraphs (3) and (4). The amount of the unearned portion of the finance charge shall be at least as great a proportion of the finance charge, including any additional finance charge imposed pursuant to Section 2982.8 or other additional charge imposed because the contract has been extended, deferred, or refinanced, as the sum of the periodic monthly time balances payable more than 15 days after the date of prepayment bears to the sum of all the periodic monthly time balances under the schedule of installments in the contract or, if the contract has been extended, deferred, or refinanced, as so extended, deferred, or refinanced. If the amount of the refund credit is less than one dollar ($1), no refund credit need be made by the holder. Any refund credit may be made in cash or credited to the outstanding obligations of the buyer under the contract.

(2) If the finance charge or a portion thereof was determined on the simple-interest basis, the amount required to prepay the contract shall be the outstanding contract balance as of that date, including any earned finance charges that are unpaid as of that date and, if applicable, the amount provided in paragraph (3), and provided further that in cases

where a finance charge is determined on the 360-day basis, the payments theretofore received will be assumed to have been received on their respective due dates regardless of the actual dates on which the payments were received.

(3) Where the minimum finance charge provided by subparagraph (B) or subparagraph (C) of paragraph (1) of subdivision (j), if either is applicable, is greater than the earned finance charge as of the date of prepayment, the holder shall be additionally entitled to the difference.

(4) The provisions of this subdivision may not impair the right of the seller or the seller's assignee to receive delinquency charges on delinquent installments and reasonable costs and fees as provided in subdivision (k) or extension or deferral agreement charges as provided in Section 2982.3.

(5) Notwithstanding any provision of a contract to the contrary, whenever the indebtedness created by any contract is satisfied prior to its maturity through surrender of the motor vehicle, repossession of the motor vehicle, redemption of the motor vehicle after repossession, or any judgment, the outstanding obligation of the buyer shall be determined as provided in paragraph (1) or (2). Notwithstanding, the buyer's outstanding obligation shall be computed by the holder as of the date the holder recovers the value of the motor vehicle through disposition thereof or judgment is entered or, if the holder elects to keep the motor vehicle in satisfaction of the buyer's indebtedness, as of the date the holder takes possession of the motor vehicle.

(m) Notwithstanding any other provision of this chapter to the contrary, any information required to be disclosed in a conditional sale contract under this chapter may be disclosed in any manner, method, or terminology required or permitted under Regulation Z, as in effect at the time that disclosure is made, except that permitted by paragraph (2) of subdivision (c) of Section 226.18 of Regulation Z, provided that all of the requirements and limitations set forth in subdivision (a) of this section are satisfied. This chapter does not prohibit the disclosure in that contract of additional information required or permitted under Regulation Z, as in effect at the time that disclosure is made.

(n) If the seller imposes a fee for document preparation, the contract shall contain a disclosure that the fee is not a governmental fee.

(o) A seller may not impose an application fee for a transaction governed by this chapter.

(p) The seller or holder may charge and collect a fee not to exceed fifteen dollars ($15) for the return by a depository institution of a dishonored check, negotiated order of withdrawal, or share draft issued in connection with the contract, if the contract so provides or if the

contract contains a generalized statement that the buyer may be liable for collection costs incurred in connection with the contract.

(q) The contract shall disclose on its face, by printing the word "new" or "used" within a box outlined in red, that is not smaller than one-half inch high and one-half inch wide, whether the vehicle is sold as a new vehicle, as defined in Section 430 of the Vehicle Code, or as a used vehicle, as defined in Section 665 of the Vehicle Code.

(r) The contract shall contain a notice with a heading in at least 12-point bold type and the text in at least 10-point bold type, circumscribed by a line, immediately above the contract signature line, that reads as follows:

THERE IS NO COOLING-OFF PERIOD UNLESS YOU OBTAIN A CONTRACT CANCELLATION OPTION.

California law does not provide for a "cooling-off" or other cancellation period for vehicle sales. Therefore, you cannot later cancel this contract simply because you change your mind, decide the vehicle costs too much, or wish you had acquired a different vehicle. After you sign below, you may only cancel this contract with the agreement of the seller or for legal cause, such as fraud.

However, California law does require a seller to offer a 2-day contract cancellation option on used vehicles with a purchase price of less than $40,000, subject to certain statutory conditions. This contract cancellation option requirement does not apply to the sale of a motorcycle or an off-highway motor vehicle subject to identification under California law. See the vehicle contract cancellation option agreement for details.

SEC. 4. Section 2982.2 is added to the Civil Code, to read:

2982.2. Prior to the execution of a conditional sale contract, the seller shall provide to a buyer, and obtain the buyer's signature on, a written disclosure that sets forth the following information:

(a) (1) A description and the price of each item sold if the contract includes a charge for the item.

(2) Paragraph (1) applies to each item in the following categories:

(A) A service contract.

(B) An insurance product.

(C) A debt cancellation agreement.

(D) A theft deterrent device.

(E) A surface protection product.

(F) A vehicle contract cancellation option agreement.

(b) The sum of all of the charges disclosed under subdivision (a), labeled "total."

(c) The amount that would be calculated under the contract as the regular installment payment if charges for the items disclosed pursuant to subdivision (a) are not included in the contract. The amount disclosed pursuant to this subdivision shall be labeled "Installment Payment EXCLUDING Listed Items."

(d) The amount that would be calculated under the contract as the regular installment payment if charges for the items disclosed under subdivision (a) are included in the contract. The amount disclosed pursuant to this subdivision shall be labeled "Installment Payment INCLUDING Listed Items."

(e) The disclosures required under this section shall be in at least 10-point type and shall be contained in a document that is separate from the conditional sale contract and a purchase order.

SEC. 5 Section 2982.10 is added to the Civil Code, to read:

2982.10. (a) In consideration of the assignment of a conditional sale contract, the seller shall not receive or accept from the assignee any payment or credit based upon any amount collected or received, or to be collected or received, under the contract as a finance charge except to the extent the payment or credit does not exceed the amount that would be calculated in accordance with Regulation Z, whether or not Regulation Z applies to the contract, as the contract's finance charge using, for the purposes of the calculation, an annual percentage rate equal to 2.5 percent for a contract having an original scheduled term of 60 monthly payments or less or 2 percent for a contract having an original scheduled term of more than 60 monthly payments.

(b) Subdivision (a) does not apply in the following circumstances:

(1) An assignment that is with full recourse or under other terms requiring the seller to bear the entire risk of financial performance of the buyer.

(2) An assignment that is more than six months following the date of the conditional sale contract.

(3) Isolated instances resulting from bona fide errors that would otherwise constitute a violation of subdivision (a) if the seller maintains reasonable procedures to guard against any errors and promptly, upon notice of the error, remits to the assignee any consideration received in excess of that permitted by subdivision (a).

(4) The assignment of a conditional sale contract involving the sale of a motorcycle, as defined in Section 400 of the Vehicle Code.

(5) The assignment of a conditional sale contract involving the sale of an off-highway motor vehicle that is subject to identification under Section 38010 of the Vehicle Code.

SEC. 6. Section 6012.3 is added to the Revenue and Taxation Code, to read:

6012.3. For purposes of this part, "gross receipts" and "sales price" do not include that portion of the sales price returned to the purchaser of a used motor vehicle or the purchase price for the purchase of a contract cancellation option pursuant to Section 11713.21 of the Vehicle Code.

SEC. 7. Section 11709.2 of the Vehicle Code is amended to read:

11709.2. Every dealer shall conspicuously display a notice, not less than eight inches high and 10 inches wide, in each sales office and sales cubicle of a dealer's established place of business where written terms of specific sale or lease transactions are discussed with prospective purchasers or lessees, and in each room of a dealer's established place of business where sale and lease contracts are regularly executed, which states the following:

"THERE IS NO COOLING-OFF PERIOD UNLESS YOU OBTAIN A CONTRACT CANCELLATION OPTION

California law does not provide for a "cooling-off" or other cancellation period for vehicle lease or purchase contracts. Therefore, you cannot later cancel such a contract simply because you change your mind, decide the vehicle costs too much, or wish you had acquired a different vehicle. After you sign a motor vehicle purchase or lease contract, it may only be canceled with the agreement of the seller or lessor or for legal cause, such as fraud.

However, California law does require a seller to offer a 2-day contract cancellation option on used vehicles with a purchase price of less than $40,000, subject to certain statutory conditions. This contract cancellation option requirement does not apply to the sale of a motorcycle or an off-highway motor vehicle subject to identification under California law. See the vehicle contract cancellation option agreement for details."

SEC. 8. Section 11713.18 is added to the Vehicle Code, to read:

11713.18. (a) It is a violation of this code for the holder of any dealer's license issued under this article to advertise for sale or sell a used vehicle as "certified" or use any similar descriptive term in the advertisement or the sale of a used vehicle that implies the vehicle has been certified to meet the terms of a used vehicle certification program if any of the following apply:

(1) The dealer knows or should have known that the odometer on the vehicle does not indicate actual mileage, has been rolled back or otherwise altered to show fewer miles, or replaced with an odometer showing fewer miles than actually driven.

(2) The dealer knows or should have known that the vehicle was reacquired by the vehicle's manufacturer or a dealer pursuant to state or federal warranty laws.

(3) The title to the vehicle has been inscribed with the notation "Lemon Law Buyback," "manufacturer repurchase," "salvage," "junk," "nonrepairable," "flood," or similar title designation required by this state or another state.

(4) The vehicle has sustained damage in an impact, fire, or flood, that after repair prior to sale substantially impairs the use or safety of the vehicle.

(5) The dealer knows or should have known that the vehicle has sustained frame damage.

(6) Prior to sale, the dealer fails to provide the buyer with a completed inspection report indicating all the components inspected.

(7) The dealer disclaims any warranties of merchantability on the vehicle.

(8) The vehicle is sold "AS IS."

(9) The term "certified" or any similar descriptive term is used in any manner that is untrue or misleading or that would cause any advertisement to be in violation of subdivision (a) of Section 11713 of this code or Section 17200 or 17500 of the Business and Professions Code.

(b) A violation of this section is actionable under the Consumers Legal Remedies Act (Title 1.5 (commencing with Section 1750) of Part 4 of Division 3 of the Civil Code), the Unfair Competition Law (Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code), Section 17500 of the Business and Professions Code, or any other applicable state or federal law. The rights and remedies provided by this section are cumulative and shall not be construed as restricting any right or remedy that is otherwise available.

(c) This section does not abrogate or limit any disclosure obligation imposed by any other law.

(d) This section does not apply to the advertisement or sale of a used motorcycle or a used off-highway motor vehicle subject to identification under Section 38010.

SEC. 9. Section 11713.19 is added to the Vehicle Code, to read:

11713.19. (a) It is unlawful and a violation of this code for the holder of any dealer's license issued under this article to do any of the following:

(1) Negotiate the terms of a vehicle sale or lease contract and then add charges to the contract for any goods or services without previously disclosing to the consumer the goods and services to be added and obtaining the consumer's consent.

(2) (A) Inflate the amount of an installment payment or down payment or extend the maturity of a sale or lease contract for the purpose of disguising the actual charges for goods or services to be added by the dealer to the contract.

(B) For purposes of subparagraph (A), "goods or services" means any type of good or service, including, but not limited to, insurance and service contracts.

(b) Subdivision (a) does not apply to the sale or lease of a motorcycle or an off-highway motor vehicle subject to identification under Section 38010.

SEC. 10. Section 11713.20 is added to the Vehicle Code, to read:

11713.20. A dealer that obtains a consumer credit score, as defined in subdivision (b) of Section 1785.15.1 of the Civil Code, from a consumer credit reporting agency, as defined in subdivision (d) of Section 1785.3 of the Civil Code, for use in connection with an application for credit initiated by a consumer for the purchase or lease of a motor vehicle for personal, family, or household use, shall provide, prior to the sale or lease of the vehicle, the following information to the consumer in at least 10-point boldface type on a document separate from the sale or lease contract:

(a) The credit score obtained and used by the dealer and the name of the credit reporting agency providing the credit score to the dealer.

(b) The range of possible credit scores established by the credit reporting agency that provided the credit score.

(c) The following notice, which shall include the name, address, and telephone number of each credit reporting agency providing a credit score that was obtained and used by the dealer:

"NOTICE TO VEHICLE CREDIT APPLICANT

If the dealer obtains and uses a credit score from a credit reporting agency in connection with your application to finance the acquisition of a vehicle, the dealer must disclose the score to you.

The credit score is a computer generated summary calculated by a credit reporting agency at the time the dealer requests the score and is based on information the credit reporting agency has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used in determining whether to extend credit. The score may also be used to determine the annual percentage rate you may be offered. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change. Credit scores may also vary from one credit reporting agency to another.

If you have questions about your credit score, contact the credit reporting agency at the address and telephone number provided. The credit reporting agency does not participate in the decision to take any action on your application for credit and is unable to provide you with specific reasons for any decision on the credit application.

If you have questions concerning credit terms relative to your purchase or lease of a vehicle, ask the dealer."

(d) This section does not require a dealer to provide more than one disclosure for each purchase or lease transaction.

(e) This section does not apply to the purchase or lease of a motorcycle or an off-highway motor vehicle subject to identification under Section 38010.

SEC. 11. Section 11713.21 is added to the Vehicle Code, to read:

11713.21. (a) (1) A dealer shall not sell a used vehicle, as defined in Section 665 and subject to registration under this code, at retail to an individual for personal, family, or household use without offering the buyer a contract cancellation option agreement that allows the buyer to return the vehicle without cause. This section does not apply to a used vehicle having a purchase price of forty thousand dollars ($40,000) or more, a motorcycle, as defined in Section 400, or a recreational vehicle, as defined in Section 18010 of the Health and Safety Code.

(2) The purchase price for the contract cancellation option shall not exceed the following:

(A) Seventy-five dollars ($75) for a vehicle with a cash price of five thousand dollars ($5,000) or less.

(B) One hundred fifty dollars ($150) for a vehicle with a cash price of more than five thousand dollars ($5,000), but not more than ten thousand dollars ($10,000).

(C) Two hundred fifty dollars ($250) for a vehicle with a cash price of more than ten thousand dollars ($10,000), but not more than thirty thousand dollars ($30,000).

(D) One percent of the purchase price for a vehicle with a cash price of more than thirty thousand dollars ($30,000), but not more than forty thousand dollars ($40,000).

The term "cash price" as used in this paragraph has the same meaning as described in subparagraph (A) of paragraph (1) of subdivision (a) of Section 2982 of the Civil Code. "Cash price" also excludes registration, transfer, titling, license, and California tire and optional business partnership automation fees.

(b) To comply with subdivision (a), and notwithstanding Section 2981.9 of the Civil Code, a contract cancellation option agreement shall be contained in a document separate from the conditional sale contract

or other vehicle purchase agreement and shall contain, at a minimum, the following:

(1) The name of the seller and the buyer.

(2) A description and the Vehicle Identification Number of the vehicle purchased.

(3) A statement specifying the time within which the buyer must exercise the right to cancel the purchase under the contract cancellation option and return the vehicle to the dealer. The dealer shall not specify a time that is earlier than the dealer's close of business on the second day following the day on which the vehicle was originally delivered to the buyer by the dealer.

(4) A statement that clearly and conspicuously specifies the dollar amount of any restocking fee the buyer must pay to the dealer to exercise the right to cancel the purchase under the contract cancellation option. The restocking fee shall not exceed one hundred seventy-five dollars ($175) if the vehicle's cash price is five thousand dollars ($5,000) or less, three hundred fifty dollars ($350) if the vehicle's cash price is less than ten thousand dollars ($10,000), and five hundred dollars ($500) if the vehicle cash price is ten thousand dollars ($10,000) or more. The dealer shall apply toward the restocking fee the price paid by the buyer for the contract cancellation option. The price for purchase of the contract cancellation option is not otherwise subject to setoff or refund.

(5) A statement specifying the maximum number of miles that the vehicle may be driven after its original delivery by the dealer to the buyer to remain eligible for cancellation under the contract cancellation option. A dealer shall not specify fewer than 250 miles in the contract cancellation option agreement.

(6) A statement that the contract cancellation option gives the buyer the right to cancel the purchase and obtain a full refund, minus the purchase price for the contract cancellation option agreement; and that the right to cancel will apply only if, within the time specified in the contract cancellation option agreement, the following are personally delivered to the selling dealer by the buyer: a written notice exercising the right to cancel the purchase signed by the buyer; any restocking fee specified in the contract cancellation option agreement minus the purchase price for the contract cancellation option agreement; the original contract cancellation option agreement and vehicle purchase contract and related documents, if the seller gave those original documents to the buyer; all original vehicle titling and registration documents, if the seller gave those original documents to the buyer; and the vehicle, free of all liens and encumbrances, other than any lien or encumbrance created by or incident to the conditional sales contract, any loan arranged by the dealer, or any purchase money loan obtained by the buyer from a third

party, and in the same condition as when it was delivered by the dealer to the buyer, reasonable wear and tear and any defect or mechanical problem that manifests or becomes evident after delivery that was not caused by the buyer excepted, and which must not have been driven beyond the mileage limit specified in the contract cancellation option agreement. The agreement may also provide that the buyer will execute documents reasonably necessary to effectuate the cancellation and refund and as reasonably required to comply with applicable law.

(7) At the bottom of the contract cancellation option agreement, a statement that may be signed by the buyer to indicate the buyer's election to exercise the right to cancel the purchase under the terms of the contract cancellation option agreement, and the last date and time by which the option to cancel may be exercised, followed by a line for the buyer's signature. A particular form of statement is not required, but the following statement is sufficient: "By signing below, I elect to exercise my right to cancel the purchase of the vehicle described in this agreement." The buyer's delivery of the purchase cancellation agreement to the dealer with the buyer's signature following this statement shall constitute sufficient written notice exercising the right to cancel the purchase under paragraph (6). The dealer shall provide the buyer with the statement required by this paragraph in duplicate to enable the buyer to return the signed cancellation notice and retain a copy of the cancellation agreement.

(c) (1) No later than the second day following the day on which the buyer exercises the right to cancel the purchase in compliance with the contract cancellation option agreement, the dealer shall cancel the contract and provide the buyer with a full refund, including that portion of the sales tax attributable to amounts excluded pursuant to Section 6012.3 of the Revenue and Taxation Code.

(2) If the buyer was not charged for the contract cancellation option agreement, the dealer shall return to the buyer, no later than the day following the day on which the buyer exercises the right to cancel the purchase, any motor vehicle the buyer left with the seller as a downpayment or trade-in. If the dealer has sold or otherwise transferred title to the motor vehicle that was left as a downpayment or trade-in, the full refund described in paragraph (1) shall include the fair market value of the motor vehicle left as a downpayment or trade-in, or its value as stated in the contract or purchase order, whichever is greater.

(3) If the buyer was charged for the contract cancellation option agreement, the dealer shall retain any motor vehicle the buyer left with the dealer as a downpayment or trade-in until the buyer exercises the right to cancel or the right to cancel expires. If the buyer exercises the right to cancel the purchase, the dealer shall return to the buyer, no later

than the day following the day on which the buyer exercises the right to cancel the purchase, any motor vehicle the buyer left with the seller as a downpayment or trade-in. If the dealer has inadvertently sold or otherwise transferred title to the motor vehicle as the result of a bona fide error, notwithstanding reasonable procedures designed to avoid that error, the inadvertent sale or transfer of title shall not be deemed a violation of this paragraph, and the full refund described in paragraph (1) shall include the retail market value of the motor vehicle left as a downpayment or trade-in, or its value as stated in the contract or purchase order, whichever is greater.

(d) If the dealer received a portion of the purchase price by credit card, or other third-party payer on the buyer's account, the dealer may refund that portion of the purchase price to the credit card issuer or third-party payer for credit to the buyer's account.

(e) Notwithstanding subdivision (a), a dealer is not required to offer a contract cancellation option agreement to an individual who exercised his or her right to cancel the purchase of a vehicle from the dealer pursuant to a contract cancellation option agreement during the immediately preceding 30 days. A dealer is not required to give notice to a subsequent buyer of the return of a vehicle pursuant to this section. This subdivision does not abrogate or limit any disclosure obligation imposed by any other law.

(f) This section does not affect or alter the legal rights, duties, obligations, or liabilities of the buyer, the dealer, or the dealer's agents or assigns, that would exist in the absence of a contract cancellation option agreement. The buyer is the owner of a vehicle when he or she takes delivery of a vehicle until the vehicle is returned to the dealer pursuant to a contract cancellation option agreement, and the existence of a contract cancellation option agreement shall not impose permissive user liability on the dealer, or the dealer's agents or assigns, under Section 460 or 17150 of the Vehicle Code or otherwise.

(g) Nothing in this section is intended to affect the ability of a buyer to rescind the contract or revoke acceptance under any other law.

SEC. 12. This act shall become operative on July 1, 2006.

SEC. 13. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the

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

CHAPTER 129

An act to amend Section 1190 of the Harbors and Navigation Code, relating to ports and harbors, and making an appropriation therefor.

[Approved by Governor July 26, 2005. Filed with Secretary of State July 26, 2005.]

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

SECTION 1. Section 1190 of the Harbors and Navigation Code is amended to read:

1190. (a) Every vessel spoken inward or outward bound shall pay the following rate of bar pilotage through the Golden Gate and into or out of the Bays of San Francisco, San Pablo, and Suisun:

(1) Eight dollars and eleven cents ($8.11) per draft foot of the vessel's deepest draft and fractions of a foot pro rata, and an additional charge of 73.01 mills per high gross registered ton as changed pursuant to law in effect on December 31, 1999. The mill rates established by this paragraph may be changed as follows:

(A) (i) On and after January 1, 2007, if the number of pilots licensed by the board is reduced to 60 pilots, for any subsequent decrease in the number of pilots, the mill rate then in effect shall be decreased by an incremental amount that is proportionate to one-half of the last audited annual average net income per pilot for each pilot licensed by the board below 60 pilots.

(ii) On and after January 1, 2007, if the number of pilots licensed by the board falls below 60, for any subsequent increase in the number of pilots, the mill rate then in effect shall be increased by an incremental amount that is proportionate to one-half of the last audited annual average net income per pilot for each new pilot that results in an increase in the number of pilots then licensed by the board.

(iii) The incremental mill rate adjustment authorized by this subparagraph shall be calculated using the data reported to the board for the number of gross registered tons handled by pilots licensed under this division during the same 12-month period as the audited annual average net income per pilot. The incremental mill rate adjustment shall become effective at the beginning of the quarter (January 1, April 1, July 1, or October 1) as directed by the board.

(B) There shall be an incremental rate of additional mills per high gross registered ton as is necessary and authorized by the board to recover the pilots' costs of obtaining new pilot boats and of funding design and engineering modifications for the purposes of extending the service life of existing pilot boats, excluding costs for repair or maintenance. The incremental mill rate charge authorized by this subparagraph shall be identified as a pilot boat surcharge on the pilots' invoices and separately accounted for in the accounting required by Section 1136. Net proceeds from the sale of existing pilot boats shall be used to reduce the debt on the new pilot boats and any debt associated with the modification of pilot boats under this subparagraph. The board may adjust a pilot boat surcharge to reflect any associated operational savings resulting from the modification of pilot boats under this subparagraph, including, but not limited to, reduced repair and maintenance expenses.

(C) In addition to the rate change specified in subparagraph (A) and the incremental rate specified in subparagraph (B), the mill rate established by this subdivision may be adjusted at the direction of the board if, after a hearing conducted pursuant to Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code, the board determines that there has been a catastrophic cost increase to the pilots that would result in at least a 2-percent increase in the overall annual cost of providing pilot services.

(2) A minimum charge for bar pilotage shall be six hundred sixty-two dollars ($662) for each vessel piloted.

(3) The vessel's deepest draft shall be the maximum draft attained, on a stillwater basis, at any part of the vessel during the course of such transit inward or outward.

(b) The rate specified in subdivision (a) shall apply only to a pilotage that passes through the Golden Gate to or from the high seas to or from a berth within an area bounded by the Union Pacific Railroad Bridge to the north and Hunter's Point to the south. The rate for pilotage to or from the high seas to or from a point past the Union Pacific Railroad Bridge or Hunter's Point shall include a movement fee in addition to the basic bar pilotage rate as specified by the board pursuant to Section 1191.

(c) The rate established in paragraph (1) of subdivision (a) shall be for a trip from the high seas to dock or from the dock to high seas. The rate specified in Section 1191 shall not be charged by pilots for docking and undocking vessels. This subdivision does not apply to the rates charged by inland pilots for their services.

(d) The board shall determine the number of pilots to be licensed based on the 1986 manpower study adopted by the board.

(e) Consistent with the board's May 2002 adoption of rate recommendations, the rates imposed pursuant to paragraph (1) of

subdivision (a) that are in effect on December 31, 2002, shall be increased by 4 percent on January 1, 2003; those in effect on December 31, 2003, shall be increased by 4 percent on January 1, 2004; those in effect on December 31, 2004, shall be increased by 3 percent on January 1, 2005; and those in effect on December 31, 2005, shall be increased by 3 percent on January 1, 2006.

CHAPTER 130

An act to amend Section 19605.73, relating to horse racing.

[Approved by Governor July 27, 2005. Filed with Secretary of State July 27, 2005.]

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

SECTION 1. Section 19605.73 of the Business and Professions Code is amended to read:

19605.73. (a) Racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing meetings, may form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. The organization shall consist of the following members: two members, one from the northern zone and one from the combined central and southern zones, appointed by the thoroughbred racetracks; two members, one from the northern zone and one from the combined central and southern zones, appointed by the owners' organization responsible for contracting with associations and fairs with respect to the conduct of racing meetings; and two members, one from the northern zone and one from the combined central and southern zones, appointed by the organization representing racing and satellite fairs.

(b) The marketing organization formed pursuant to subdivision (a) shall annually submit to the board a statewide marketing and promotion plan and a thoroughbred trainers' workers' compensation defrayal plan for thoroughbred and fair horse racing that encompasses all geographical zones in the state, and which includes the manner in which funds were expended in the implementation of the plan for the previous calendar year. The plan shall be implemented as determined by the organization. The organization shall receive input from all interested industry

participants and may utilize outside consultants in developing the annual marketing plan.

(c) In addition to the distributions specified in subdivisions (a) and (b) of Section 19605.7, and in Sections 19605.71 and 19605.72, for thoroughbred and fair meetings only, from the amount that would normally be available for commissions and purses, an amount equal to 0.4 percent of the total amount handled by each satellite wagering facility shall be distributed to the statewide marketing organization formed pursuant to subdivision (a) for the promotion of thoroughbred and fair horse racing and to defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. Not more than one-sixth of the total amount available annually pursuant to this subdivision shall be used to defray the cost of workers' compensation insurance. Any of the promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount.

(d) This section shall remain in effect only until January 1, 2008, and, as of that date, is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date. Any moneys held by the organization shall, in the event this section is repealed, be distributed to the organization formed pursuant to Section 19608.2, for purposes of that section.

CHAPTER 131

An act to amend Section 53601.7 of the Government Code, relating to local agencies.

[Approved by Governor July 27, 2005. Filed with Secretary of State July 27, 2005.]

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

SECTION 1. Section 53601.7 of the Government Code is amended to read:

53601.7. Notwithstanding the investment parameters of Sections 53601 and 53635, a local agency that is a county or a city and county may invest any portion of the funds that it deems wise or expedient, using the following criteria:

(a) No investment shall be made in any security, other than a security underlying a repurchase agreement, reverse repurchase agreement, or a securities lending agreement, that, at the time of purchase, has a term remaining to maturity in excess of 397 days, and that would cause the dollar-weighted average maturity of the funds in the investment pool to exceed 90 days.

(b) All corporate and depository institution investments shall meet or exceed the following credit rating criteria at time of purchase:

(1) Short-term debt shall be rated at least "A-1" by Standard & Poor's Corporation, "P-1" by Moody's Investors Service, Inc., or "F-1" by Fitch Ratings. If the issuer of short-term debt has also issued long-term debt, this long-term debt rating shall be rated at least "A," without regard to +/– or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings.

(2) Long-term debt shall be rated at least "A," without regard to +/– or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings.

(c) (1) No more than 5 percent of the total assets of the investments held by a local agency may be invested in the securities of any one issuer, except the obligations of the United States government, United States government agencies, and United States government-sponsored enterprises.

(2) Up to 25 percent of the total assets of the investments held by a local agency may be invested in the first tier securities of a single issuer for a period of up to three business days after acquisition. The securities of no more than one issuer may be invested pursuant to this paragraph at a time.

(3) No more than 10 percent of the total assets of the investments held by a local agency may be invested in any one mutual fund.

(d) Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. A later increase or decrease in a percentage resulting from a change in values or assets shall not constitute a violation of that restriction. If subsequent to purchase, securities are downgraded below the minimum acceptable rating level, the securities shall be reviewed for possible sale within a reasonable amount of time after the downgrade.

(e) Within the limitations set forth in this section, a local agency electing to invest its funds pursuant to this section may invest in the following securities:

(1) Direct obligations of the United States Treasury or any other obligation guaranteed as to principal and interest by the United States government.

(2) Bonds, notes, debentures, or any other obligations of, or securities issued by, any federal government agency, instrumentality, or government-sponsored enterprise.

(3) 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 other entity of the state.

(4) Bonds, notes, warrants, or other indebtedness of the local agency, or 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.

(5) Bankers acceptance, otherwise known as bills of exchange or time drafts drawn on and accepted by a commercial bank, primarily used to finance international trade. Purchases of bankers acceptances may not exceed 180 days to maturity.

(6) Short-term unsecured promissory notes issued by corporations for maturities of 270 days or less. Eligible commercial paper is further limited to the following:

(A) Issuing corporations that are organized and operating within the United States, having total assets in excess of five hundred million dollars ($500,000,000).

(B) Maturities for eligible commercial paper that may not exceed 270 days and may not represent more than 10 percent of the outstanding paper of an issuing corporation.

(7) A certificate representing a deposit of funds at a commercial bank for a specified period of time and for a specified return at maturity. Eligible certificates of deposit shall be issued by a nationally or state-chartered bank or a state or federal association, as defined in Section 5102 of the Financial Code, or by a state-licensed branch of a foreign bank. For purposes of this subdivision, certificates of deposits shall 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 may not invest 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, other credit

committee or the supervisory committee of the state or federal credit union issuing the negotiable certificate of deposit.

(8) Repurchase agreements, reverse repurchase agreements, or securities lending agreements of any securities authorized by this section, if the agreements meet the requirements of this paragraph and the delivery requirements specified in Section 53601. Investments in repurchase agreements may be made, on any investment authorized by this section, when the term of the agreement does not exceed one year. The market value of the 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. Because the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance with this section if the value of the underlying securities is brought back to 102 percent no later than the next business day. Reverse repurchase agreements may be utilized only when all of the following criteria are met:

(A) The security being 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 the sale.

(B) The total of all reverse repurchase agreements on investments owned by the local agency not purchased or committed to purchase does not exceed 20 percent of the market 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 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, may 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 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.

(E) Investments in reverse repurchase agreements or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security, shall only be made with 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.

"Securities," for purposes of this paragraph, means securities of the same issuer, description, issue date, and maturity.

(9) All debt securities issued by a corporation or depository institution with a remaining maturity of not more than 397 days, including securities specified as "medium-term notes," as well as other debt instruments originally issued with maturities longer than 397 days, but which, at time of purchase, have a final maturity of 397 days or less. Eligible medium-term notes shall be 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.

(10) (A) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations described in this subdivision and that comply with the investment restrictions of this section. However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement shall not be 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. The value of the securities underlying a repurchase agreement may be 100 percent of the sales price if the securities are marked to market daily.

(B) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the federal Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(C) All shares of beneficial interest described in this paragraph shall have met either of the following criteria:

(i) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(ii) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission and who has not less than five years' experience investing in money market instruments and with assets under management in excess of five hundred million dollars ($500,000,000).

(11) Any mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other paythrough bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

Securities eligible for investment under this paragraph shall be issued by an issuer having an "A" or higher rating from 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.

(12) Contracts issued by insurance companies that provide the policyholder with the right to receive a fixed or variable rate of interest and the full return of principal at the maturity date.

(13) Any investments that would qualify under SEC Rule 2a-7 of the Investment Company Act of 1940 guidelines. These investments shall also meet the limitations detailed in this section.

(f) For purposes of this section, all of the following definitions shall apply:

(1) "Repurchase agreement" means a purchase of securities 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.

(2) "Significant banking relationship" means any of the following activities of a bank:

(A) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(B) Financing of a local agency's securities or funds as deposits.

(C) Acceptance of a local agency's securities or funds as deposits.

(3) "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.

(4) "Securities lending agreement" means an agreement with a local agency that 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.

(5) "First tier security" has the same meaning as that phrase is defined by SEC Rule 2a-7 of the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq).

(6) "Local agency" means a county or city and county.

(g) 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, or other similar borrowing methods.

(h) 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.

(i) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

CHAPTER 132

An act to amend Section 136.2 of the Penal Code, relating to protective orders.

[Approved by Governor July 27, 2005. Filed with Secretary of State July 27, 2005.]

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

SECTION 1. Section 136.2 of the Penal Code is amended to read:

136.2. (a) Except as provided in subdivision (b), upon a good cause belief that harm to, or intimidation or dissuasion of, a victim or witness has occurred or is reasonably likely to occur, any court with jurisdiction over a criminal matter may issue orders including, but not limited to, the following:

(1) Any order issued pursuant to Section 6320 of the Family Code.

(2) An order that a defendant shall not violate any provision of Section 136.1.

(3) An order that a person before the court other than a defendant, including, but not limited to, a subpoenaed witness or other person entering the courtroom of the court, shall not violate any provisions of Section 136.1.

(4) An order that any person described in this section shall have no communication whatsoever with any specified witness or any victim, except through an attorney under any reasonable restrictions that the court may impose.

(5) An order calling for a hearing to determine if an order as described in paragraphs (1) to (4), inclusive, should be issued.

(6) An order that a particular law enforcement agency within the jurisdiction of the court provide protection for a victim or a witness, or both, or for immediate family members of a victim or a witness who reside in the same household as the victim or witness or within reasonable proximity of the victim's or witness' household, as determined by the court. The order shall not be made without the consent of the law enforcement agency except for limited and specified periods of time and upon an express finding by the court of a clear and present danger of

harm to the victim or witness or immediate family members of the victim or witness.

For purposes of this paragraph, "immediate family members" include the spouse, children, or parents of the victim or witness.

(7) (A) Any order protecting victims of violent crime from contact, with the intent to annoy, harass, threaten, or commit acts of violence, by the defendant. The court or its designee shall transmit orders made under this subdivision to law enforcement personnel within one business day of the issuance, modification, extension, or termination of the order, pursuant to subdivision (a) of Section 6380 of the Family Code. It is the responsibility of the court to transmit the modification, extension, or termination orders made under this subdivision to the same agency that entered the original protective order into the Domestic Violence Restraining Order System.

(B) Any order issued, modified, extended, or terminated by a court pursuant to this subdivision shall be issued on forms adopted by the Judicial Council of California and that have been approved by the Department of Justice pursuant to subdivision (i) of Section 6380 of the Family Code. However, the fact that an order issued by a court pursuant to this section was not issued on forms adopted by the Judicial Council and approved by the Department of Justice shall not, in and of itself, make the order unenforceable.

(b) (1) Notwithstanding subdivisions (a) and (e), an emergency protective order issued pursuant to Chapter 2 (commencing with Section 6250) of Part 3 of Division 10 of the Family Code or Section 646.91 of the Penal Code shall have precedence in enforcement over any other restraining or protective order, provided the emergency protective order meets all of the following requirements:

(A) The emergency protective order is issued to protect one or more individuals who are already protected persons under another restraining or protective order.

(B) The emergency protective order restrains the individual who is the restrained person in the other restraining or protective order specified in subparagraph (A).

(C) The provisions of the emergency protective order are more restrictive in relation to the restrained person than are the provisions of the other restraining or protective order specified in subparagraph (A).

(2) An emergency protective order that meets the requirements of paragraph (1) shall have precedence in enforcement over the provisions of any other restraining or protective order only with respect to those provisions of the emergency protective order that are more restrictive in relation to the restrained person.

(c) Any person violating any order made pursuant to paragraphs (1) to (7), inclusive, of subdivision (a) may be punished for any substantive offense described in Section 136.1, or for a contempt of the court making the order. A finding of contempt shall not be a bar to prosecution for a violation of Section 136.1. However, any person so held in contempt shall be entitled to credit for any punishment imposed therein against any sentence imposed upon conviction of an offense described in Section 136.1. Any conviction or acquittal for any substantive offense under Section 136.1 shall be a bar to a subsequent punishment for contempt arising out of the same act.

(d) (1) A person subject to a protective order issued under this section shall not own, possess, purchase, receive, or attempt to purchase or receive a firearm while the protective order is in effect.

(2) The court shall order a person subject to a protective order issued under this section to relinquish any firearms he or she owns or possesses pursuant to Section 527.9 of the Code of Civil Procedure.

(3) Every person who owns, possesses, purchases or receives, or attempts to purchase or receive a firearm while the protective order is in effect is punishable pursuant to subdivision (g) of Section 12021 of the Penal Code.

(e) (1) In all cases where the defendant is charged with a crime of domestic violence, as defined in Section 13700, the court shall consider issuing the above-described orders on its own motion. All interested parties shall receive a copy of those orders. In order to facilitate this, the court's records of all criminal cases involving domestic violence shall be marked to clearly alert the court to this issue.

(2) In those cases in which a complaint, information, or indictment charging a crime of domestic violence, as defined in Section 13700, has been issued, a restraining order or protective order against the defendant issued by the criminal court in that case has precedence in enforcement over any civil court order against the defendant, unless a court issues an emergency protective order pursuant to Chapter 2 (commencing with Section 6250) of Part 3 of Division 10 or the Family Code or Section 646.91 of the Penal Code, in which case the emergency protective order shall have precedence in enforcement over any other restraining or protective order, provided the emergency protective order meets the following requirements:

(A) The emergency protective order is issued to protect one or more individuals who are already protected persons under another restraining or protective order.

(B) The emergency protective order restrains the individual who is the restrained person in the other restraining or protective order specified in subparagraph (A).

(C) The provisions of the emergency protective order are more restrictive in relation to the restrained person than are the provisions of the other restraining or protective order specified in subparagraph (A).

(3) Custody and visitation with respect to the defendant and his or her minor children may be ordered by a family or juvenile court consistent with the protocol established pursuant to this subdivision.

(f) On or before January 1, 2003, the Judicial Council shall promulgate a protocol, for adoption by each local court in substantially similar terms, to provide for the timely coordination of all orders against the same defendant and in favor of the same named victim or victims. The protocol shall include, but shall not be limited to, mechanisms for assuring appropriate communication and information sharing between criminal, family, and juvenile courts concerning orders and cases that involve the same parties, and shall permit a family or juvenile court order to coexist with a criminal court protective order subject to the following conditions:

(1) Any order that permits contact between the restrained person and his or her children shall provide for the safe exchange of the children and shall not contain language either printed or handwritten that violates a "no contact order" issued by a criminal court.

(2) Safety of all parties shall be the courts' paramount concern. The family or juvenile court shall specify the time, day, place, and manner of transfer of the child, as provided in Section 3100 of the Family Code.

(g) On or before January 1, 2003, the Judicial Council shall modify the criminal and civil court protective order forms consistent with this section.

CHAPTER 133

An act to add Section 11160.1 to the Penal Code, relating to reporting.

[Approved by Governor July 27, 2005. Filed with Secretary of State July 27, 2005.]

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

SECTION 1. Section 11160.1 is added to the Penal Code, to read:

11160.1. (a) Any health practitioner employed in any health facility, clinic, physician's office, local or state public health department, or a clinic or other type of facility operated by a local or state public health department who, in his or her professional capacity or within the scope of his or her employment, performs a forensic medical examination on any person in the custody of law enforcement from whom evidence is

sought in connection with the commission or investigation of a crime of sexual assault, as described in subdivision (d) of Section 11160, shall prepare a written report. The report shall be on a standard form developed by, or at the direction of, the Office of Emergency Services or an agency designated by the Director of Finance pursuant to Section 13820, and shall be immediately provided to the law enforcement agency who has custody of the individual examined.

(b) The examination and report is subject to the confidentiality requirements of the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code), the physician-patient privilege pursuant to Article 6 (commencing with Section 990) of Chapter 4 of Division 8 of the Evidence Code, and the privilege of official information pursuant to Article 9 (commencing with Section 1040) of Chapter 4 of Division 8 of the Evidence Code.

(c) The report shall be released upon request, oral or written, to any person or agency involved in any related investigation or prosecution of a criminal case including, but not limited to, a law enforcement officer, district attorney, city attorney, crime laboratory, county licensing agency, or coroner. The report may be released to defense counsel or another third party only through discovery of documents in the possession of a prosecuting agency or following the issuance of a lawful court order authorizing the release of the report.

(d) A health practitioner who makes a report in accordance with this section shall not incur civil or criminal liability. No person, agency, or their designee required or authorized to report pursuant to this section who takes photographs of a person suspected of being a person subject to a forensic medical examination as described in this section shall incur any civil or criminal liability for taking the photographs, causing the photographs to be taken, or disseminating the photographs to a law enforcement officer, district attorney, city attorney, crime laboratory, county licensing agency, or coroner with the reports required in accordance with this section. However, this subdivision shall not be deemed to grant immunity from civil or criminal liability with respect to any other use of the photographs.

(e) Section 11162 does not apply to this section.

(f) With the exception of any health practitioner who has entered into a contractual agreement to perform forensic medical examinations, no health practitioner shall be required to perform a forensic medical examination as part of his or her duties as a health practitioner.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7

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

CHAPTER 134

An act to add and repeal Section 31663.2 of the Government Code, relating to county employees' retirement, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 27, 2005. Filed with Secretary of State July 27, 2005.]

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

SECTION 1. Section 31663.2 is added to the Government Code, to read:

31663.2. (a) (1) Sections 31662.4 and 31662.6 shall not apply to the fire chief of a fire district who is a safety member and whose primary duties are administrative, if the fire chief was employed as fire chief on May 1, 2005.

(2) A fire chief who is exempted from the requirements of Sections 31662.4 and 31662.6, pursuant to paragraph (1), shall retire before April 1, 2009, and, subsequent to the operative date of this section, that fire chief shall not receive a salary increase that is disproportionate to any salary increase granted to other department heads of the same jurisdiction at the same time.

(b) This section applies only to a county of the first class, as defined by Sections 28020 and 28022.

(c) This section shall not be operative in any county until the board of supervisors, by resolution adopted by a majority vote, makes this section applicable in the county.

(d) This section shall become inoperative on April 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

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 maintain public safety, it is necessary that this act take effect immediately.

CHAPTER 135

An act to amend Section 1206 of the Health and Safety Code, relating to clinics.

[Approved by Governor August 29, 2005. Filed with Secretary of State August 29, 2005.]

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

SECTION 1. Section 1206 of the Health and Safety Code is amended to read:

1206. This chapter does not apply to the following:

(a) Except with respect to the option provided with regard to surgical clinics in paragraph (1) of subdivision (b) of Section 1204 and, further, with respect to specialty clinics specified in paragraph (2) of subdivision (b) of Section 1204, any place or establishment owned or leased and operated as a clinic or office by one or more licensed health care practitioners and used as an office for the practice of their profession, within the scope of their license, regardless of the name used publicly to identify the place or establishment.

(b) Any clinic directly conducted, maintained, or operated by the United States or by any of its departments, officers, or agencies, and any primary care clinic specified in subdivision (a) of Section 1204 that is directly conducted, maintained, or operated by this state or by any of its political subdivisions or districts, or by any city. Nothing in this subdivision precludes the state department from adopting regulations that utilize clinic licensing standards as eligibility criteria for participation in programs funded wholly or partially under Title XVIII or XIX of the federal Social Security Act.

(c) Any clinic conducted, maintained, or operated by a federally recognized Indian tribe or tribal organization, as defined in Section 450 or 1601 of Title 25 of the United States Code, that is located on land recognized as tribal land by the federal government.

(d) Clinics conducted, operated, or maintained as outpatient departments of hospitals.

(e) Any facility licensed as a health facility under Chapter 2 (commencing with Section 1250).

(f) Any freestanding clinical or pathological laboratory licensed under Chapter 3 (commencing with Section 1200) of Division 2 of the Business and Professions Code.

(g) A clinic operated by, or affiliated with, any institution of learning that teaches a recognized healing art and is approved by the state board or commission vested with responsibility for regulation of the practice of that healing art.

(h) A clinic that is operated by a primary care community or free clinic and that is operated on separate premises from the licensed clinic and is only open for limited services of no more than 20 hours a week. An intermittent clinic as described in this subdivision shall, however, meet all other requirements of law, including administrative regulations and requirements, pertaining to fire and life safety.

(i) The offices of physicians in group practice who provide a preponderance of their services to members of a comprehensive group practice prepayment health care service plan subject to Chapter 2.2 (commencing with Section 1340).

(j) Student health centers operated by public institutions of higher education.

(k) Nonprofit speech and hearing centers, as defined in Section 1201.5. Any nonprofit speech and hearing clinic desiring an exemption under this subdivision shall make application therefor to the director, who shall grant the exemption to any facility meeting the criteria of Section 1201.5. Notwithstanding the licensure exemption contained in this subdivision, a nonprofit speech and hearing center shall be deemed to be an organized outpatient clinic for purposes of qualifying for reimbursement as a rehabilitation center under the Medi-Cal Act (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code).

(*l*) A clinic operated by a nonprofit corporation exempt from federal income taxation under paragraph (3) of subsection (c) of Section 501 of the Internal Revenue Code of 1954, as amended, or a statutory successor thereof, that conducts medical research and health education and provides health care to its patients through a group of 40 or more physicians and surgeons, who are independent contractors representing not less than 10 board-certified specialties, and not less than two-thirds of whom practice on a full-time basis at the clinic.

(m) Any clinic, limited to in vivo diagnostic services by magnetic resonance imaging functions or radiological services under the direct and immediate supervision of a physician and surgeon who is licensed to practice in California. This shall not be construed to permit cardiac catheterization or any treatment modality in these clinics.

(n) A clinic operated by an employer or jointly by two or more employers for their employees only, or by a group of employees, or jointly by employees and employers, without profit to the operators thereof or to any other person, for the prevention and treatment of accidental injuries to, and the care of the health of, the employees comprising the group.

(o) A community mental health center, as defined in Section 5601.5 of the Welfare and Institutions Code.

(p) (1) A clinic operated by a nonprofit corporation exempt from federal income taxation under paragraph (3) of subsection (c) of Section 501 of the Internal Revenue Code of 1954, as amended, or a statutory successor thereof, as an entity organized and operated exclusively for scientific and charitable purposes and that satisfied all of the following requirements on or before January 1, 2005:

(A) Commenced conducting medical research on or before January 1, 1982, and continues to conduct medical research.

(B) Conducted research in, among other areas, prostatic cancer, cardiovascular disease, electronic neural prosthetic devices, biological effects and medical uses of lasers, and human magnetic resonance imaging and spectroscopy.

(C) Sponsored publication of at least 200 medical research articles in peer-reviewed publications.

(D) Received grants and contracts from the National Institutes of Health.

(E) Held and licensed patents on medical technology.

(F) Received charitable contributions and bequests totaling at least five million dollars ($5,000,000).

(G) Provides health care services to patients only:

(i) In conjunction with research being conducted on procedures or applications not approved or only partially approved for payment (I) under the Medicare program pursuant to Section 1359y(a)(1)(A) of Title 42 of the United States Code, or (II) by a health care service plan registered under Chapter 2.2 (commencing with Section 1340), or a disability insurer regulated under Chapter 1 (commencing with Section 10110) of Part 2 of Division 2 of the Insurance Code; provided that services may be provided by the clinic for an additional period of up to three years following the approvals, but only to the extent necessary to maintain clinical expertise in the procedure or application for purposes of actively providing training in the procedure or application for physicians and surgeons unrelated to the clinic.

(ii) Through physicians and surgeons who, in the aggregate, devote no more than 30 percent of their professional time for the entity operating

the clinic, on an annual basis, to direct patient care activities for which charges for professional services are paid.

(H) Makes available to the public the general results of its research activities on at least an annual basis, subject to good faith protection of proprietary rights in its intellectual property.

(I) Is a freestanding clinic, whose operations under this subdivision are not conducted in conjunction with any affiliated or associated health clinic or facility defined under this division, except a clinic exempt from licensure under subdivision (m). For purposes of this subparagraph, a freestanding clinic is defined as "affiliated" only if it directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a clinic or health facility defined under this division, except a clinic exempt from licensure under subdivision (m). For purposes of this subparagraph, a freestanding clinic is defined as "associated" only if more than 20 percent of the directors or trustees of the clinic are also the directors or trustees of any individual clinic or health facility defined under this division, except a clinic exempt from licensure under subdivision (m). Any activity by a clinic under this subdivision in connection with an affiliated or associated entity shall fully comply with the requirements of this subdivision. This subparagraph shall not apply to agreements between a clinic and any entity for purposes of coordinating medical research.

(2) By January 1, 2007, and every five years thereafter, the Legislature shall receive a report from each clinic meeting the criteria of this subdivision and any other interested party concerning the operation of the clinic's activities. The report shall include, but not be limited to, an evaluation of how the clinic impacted competition in the relevant health care market, and a detailed description of the clinic's research results and the level of acceptance by the payer community of the procedures performed at the clinic. The report shall also include a description of procedures performed both in clinics governed by this subdivision and those performed in other settings. The cost of preparing the reports shall be borne by the clinics that are required to submit them to the Legislature pursuant to this paragraph.

CHAPTER 136

An act to amend Sections 24011 and 25210.9c of the Government Code, relating to county offices.

[Approved by Governor August 29, 2005. Filed with Secretary of State August 29, 2005.]

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

SECTION 1. Section 24011 of the Government Code is amended to read:

24011. Notwithstanding the provisions of Section 24009:

(a) The Boards of Supervisors of Glenn County, Lassen County, Madera County, Mendocino County, Monterey County, Napa County, Solano County, Trinity County, Tuolumne County, and Lake County may, by ordinance, provide that the public administrator shall be appointed by the board.

(b) The Boards of Supervisors of Madera County, Mendocino County, Napa County, Trinity County, Tuolumne County, and Lake County may appoint the same person to the offices of public administrator, veteran service officer, and public guardian. The Board of Supervisors of Glenn County, Lassen County, Monterey County, and Solano County may, by ordinance, appoint the same person to the offices of public administrator and public guardian.

(c) The Boards of Supervisors of Glenn County, Lassen County, Madera County, Mendocino County, Napa County, Trinity County, Tuolumne County, and Lake County may separate the consolidated offices of district attorney and public administrator at any time in order to make the appointments permitted by this section. Upon approval by the board of supervisors, the officer elected to these offices at any time may resign, or decline to qualify for, the office of public administrator without resigning from, or declining to qualify for, the office of district attorney.

SEC. 2. Section 24011 of the Government Code is amended to read:

24011. Notwithstanding the provisions of Section 24009:

(a) The Boards of Supervisors of Glenn County, Lassen County, Madera County, Mendocino County, Monterey County, Napa County, Solano County, Sonoma County, Trinity County, Tuolumne County, and Lake County may, by ordinance, provide that the public administrator shall be appointed by the board.

(b) The Boards of Supervisors of Madera County, Mendocino County, Napa County, Trinity County, Tuolumne County, and Lake County may appoint the same person to the offices of public administrator, veteran service officer, and public guardian. The Board of Supervisors of Glenn County Lassen County, Monterey County, Solano County, and Sonoma County may, by ordinance, appoint the same person to the offices of public administrator and public guardian.

(c) The Boards of Supervisors of Glenn County, Lassen County, Madera County, Mendocino County, Napa County, Trinity County, Tuolumne County, and Lake County may separate the consolidated

offices of district attorney and public administrator at any time in order to make the appointments permitted by this section. Upon approval by the board of supervisors, the officer elected to these offices at any time may resign, or decline to qualify for, the office of public administrator without resigning from, or declining to qualify for, the office of district attorney.

SEC. 3. Section 25210.9c of the Government Code is amended to read:

25210.9c. (a) Pursuant to a resolution adopted by a four-fifths vote of all the members of its board of supervisors, a county may appropriate any of its available moneys to a revolving fund not to exceed two million dollars ($2,000,000) to be used for the acquisition of real or personal property, environmental impact studies, fiscal analysis, engineering services, salaries, wages, services, supplies, or the construction of structures or improvements needed in whole or in part to provide one or more extended services to a county service area located wholly within the county. The revolving fund shall be reimbursed from service fees, connection charges, tax revenues, or other moneys available from the service area, and no sums shall be disbursed from the fund until the board has, by resolution, established the method by and the term, not exceeding 10 years, within which the county service area is to reimburse the fund. The service area shall reimburse the fund for any amount disbursed to the service area within 10 years after disbursement, together with interest at the current rate per annum received on similar types of investments by the county as determined by the county treasurer.

(b) Notwithstanding subdivision (a), the Board of Supervisors of the County of Santa Barbara or the County of Tulare may disburse money from the revolving fund to county service areas without complying with the requirement for reimbursement.

SEC. 4. Section 2 of this bill incorporates amendments to Section 24011 of the Government Code proposed by both this bill and Assembly Bill 1318. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 24011 of the Government Code, and (3) this bill is enacted after Assembly Bill 1318, in which case Section 1 of this bill shall not become operative.

CHAPTER 137

An act to add Section 6608.7 to the Welfare and Institutions Code, relating to mental health.

[Approved by Governor August 29, 2005. Filed with
Secretary of State August 29, 2005.]

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

SECTION 1. Section 6608.7 is added to the Welfare and Institutions Code, to read:

6608.7. The State Department of Mental Health may enter into an interagency agreement or contract with the Department of Corrections or with local law enforcement agencies for services related to supervision or monitoring of sexually violent predators who have been conditionally released into the community under the forensic conditional release program pursuant to this article.

CHAPTER 138

An act to amend Section 7155.7 of the Health and Safety Code, relating to anatomical gifts.

[Approved by Governor August 29, 2005. Filed with
Secretary of State August 29, 2005.]

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

SECTION 1. Section 7155.7 of the Health and Safety Code is amended to read:

7155.7. (a) On request from a qualified procurement organization, the county medical examiner or coroner may permit the removal of organs that constitute an anatomical gift from a decedent who died under circumstances requiring an inquest by the medical examiner or coroner.

(b) If no autopsy is required, the organs to be removed may be released to the qualified procurement organization.

(c) If an autopsy is required and the county medical examiner or coroner determines that the removal of the organs will not interfere with the subsequent course of an investigation or autopsy, the organs may be released for removal. The autopsy shall be performed following the removal of the organs.

(d) Except in cases where there is no known next of kin or when a person dies in the custody of a law enforcement agency, if the medical examiner or coroner is considering withholding one or more organs of a potential donor for any reason, the medical examiner or coroner, or his or her designee, upon request from a qualified organ procurement

organization, shall be present during the procedure to remove the organs. The medical examiner or coroner, or his or her designee, may request a biopsy of those organs or deny removal of the organs if necessary. If the county medical examiner or coroner, or his or her designee, denies removal of the organs, the county medical examiner or coroner may do both of the following:

(1) In the investigative report, explain in writing the reasons for the denial.

(2) Provide the explanation to the qualified organ procurement organization.

(e) If the county medical examiner or coroner, or his or her designee, is present during the removal of the organs, the qualified procurement organization requesting the removal of the organ shall reimburse the county of the medical examiner or coroner, or his or her designee, for the actual costs incurred in performing the duty specified in subdivision (d), if reimbursement is requested by the county medical examiner or coroner. The payment shall be applied to the additional costs incurred by the county medical examiner's or coroner's office in performing the duty specified in subdivision (d).

(f) The health care professional removing organs from a decedent who died under circumstances requiring an inquest shall file with the county medical examiner or coroner a report detailing the condition of the organs removed and their relationship, if any, to the cause of death.

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.

CHAPTER 139

An act to amend Sections 115843.3 and 115843.5 of the Health and Safety Code, relating to reservoirs, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 29, 2005. Filed with Secretary of State August 29, 2005.]

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

SECTION 1. Section 115843.3 of the Health and Safety Code is amended to read:

115843.3. (a) In the Bear Lake Reservoir, recreational uses shall not include recreation in which any participant has bodily contact with the water, unless all of the following conditions are satisfied:

(1) The water shall receive ongoing complete water treatment, including coagulation, flocculation, sedimentation, filtration, and disinfection, or an alternative filtration system that provides an equivalent degree of pathogen removal in compliance with all applicable department regulations before being used for domestic purposes. The disinfection shall include, but is not limited to, ozonation or ultraviolet disinfection capable of inactivating organisms including virus, cryptosporidium, and giardia, to levels that comply with department regulations.

(2) The Lake Alpine Water Company conducts a monitoring program for total coliform bacteria, which includes E. coli and fecal coliform, at the reservoir intake at a frequency determined by the department.

(3) The reservoir is operated in compliance with regulations of the department.

(b) The recreational use of that reservoir shall be subject to additional conditions and restrictions adopted by the entity operating the water supply reservoir, or required by the department, that are required to further protect or enhance the public health and safety and do not conflict with regulations of the department.

(c) The Lake Alpine Water Company shall file, on or before January 1, 2006, with the Legislature and the department, a report on the recreational uses at Bear Lake Reservoir and the water treatment program for that reservoir. That report shall include, but is not limited to, providing all of the following information:

(1) The estimated levels and types of recreational uses at the reservoir on a monthly basis.

(2) The levels of methyl tertiary-butyl ether taken at various reservoir locations on a monthly basis, unless the use of watercraft with gasoline-powered engines is prohibited.

(3) A summary of monitoring in the Bear Lake Reservoir watershed for giardia and cryptosporidium.

(4) The sanitary survey of the watershed and water quality monitoring plan.

(5) An evaluation of recommendations relating to removal and inactivation of cryptosporidium and giardia.

(6) Annual reports provided to the department as required by the water permit issued by the department.

(7) An evaluation of the impact on source water quality due to recreational activities on Bear Lake Reservoir, including any microbiological monitoring.

(8) A summary of any activities for operation of recreational uses and facilities in a manner that optimizes the water quality.

(9) The reservoir management plan and the operations plan.

(10) The annual water reports submitted to the consumers each year.

(d) If there is a change in operation of the treatment facility or a change in the quantity of water to be treated at the treatment facility, the department may require the entity operating the water supply reservoir to file a report that includes, but is not limited to, the information required pursuant to subdivision (c), and the entity shall demonstrate to the satisfaction of the department that water quality will not be adversely affected.

(e) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

SEC. 2. Section 115843.5 of the Health and Safety Code is amended to read:

115843.5. (a) In the Canyon Lake Reservoir, recreational uses shall not include recreation in which any participant has bodily contact with the water, unless both of the following conditions are satisfied:

(1) The water subsequently receives complete water treatment, in compliance with all applicable department regulations, including coagulation, flocculation, sedimentation, filtration, and disinfection, before being used for domestic purposes. The disinfection shall include, but is not limited to, an advanced technology capable of inactivating organisms, including, but not limited to, viruses, cryptosporidium, and giardia, to levels that comply with department regulations. The treatment shall include, but need not be limited to, ozonation or ultra violet disinfection. The treatment shall, at a minimum, comply with all state laws and department regulations and all federal laws and regulations, including, but not limited to, the federal Environmental Protection Agency Long-Term 2 Enhanced Surface Water Treatment regulations. Nothing in this division shall limit the state or the department from imposing more stringent treatment standards than those required by federal law.

(2) The reservoir is operated in compliance with regulations of the department.

(b) The recreational use may be subject to additional conditions and restrictions adopted by the entity operating the water supply reservoir or required by the department, if those conditions and restrictions do not

conflict with regulations of the department, and are required to further protect or enhance the public health and safety.

(c) The Elsinore Valley Municipal Water District shall, by January 1, 2007, file a report with the Legislature on the recreational uses at Canyon Lake Reservoir and the water treatment program. The report shall include, but not necessarily be limited to, all of the following information:

(1) Participation in watershedwide activities to improve water quality in the Canyon Lake Reservoir.

(2) Annual results of volatile organic compounds, general minerals, and nutrients testing results provided to the department.

(3) A summary of available monitoring in the Canyon Lake Reservoir provided to the department for giardia and cryptosporidium.

(4) The most current sanitary survey of the watershed and water quality monitoring plan.

(5) A summary of monthly reports provided to the department on intake water bacteria and water quality.

(6) A summary of monthly reports provided to the department on water usage in Canyon Lake Reservoir.

(7) An evaluation of the impact on source water quality due to recreational activities on the Canyon Lake Reservoir, including any microbiological monitoring, and a summary of monthly reports provided to the department on treatment plant performance.

(8) A summary of activities between Elsinore Valley Municipal Water District and the Canyon Lake Property Owners Association for operation of recreational uses and facilities in a manner that optimizes the water quality.

(9) The reservoir management plan and the operations plan.

(10) The annual water quality reports submitted to consumers each year.

(d) If there is a change in operation of the treatment facility or a change in the quantity of water to be treated at the treatment facility, the department may require the Elsinore Valley Municipal Water District to file a report that includes, but is not limited to, the information required pursuant to subdivision (c), and the district shall demonstrate to the satisfaction of the department that water quality will not be adversely affected.

(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. 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 purity of water intended for domestic use, it is necessary that this act take effect immediately.

CHAPTER 140

An act to amend, repeal, and add Section 7480 of the Government Code, and to amend, repeal, and add Sections 15634, 15640, and 15655.5 of, and to add and repeal Section 15630.1 of, the Welfare and Institutions Code, relating to elder and dependent adult abuse.

[Approved by Governor August 29, 2005. Filed with Secretary of State August 29, 2005.]

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

SECTION 1. This act shall be known as the Financial Elder Abuse Reporting Act of 2005.

SEC. 2. Section 7480 of the Government Code is amended to read:

7480. Nothing in this chapter prohibits any of the following:

(a) The dissemination of any financial information that is not identified with, or identifiable as being derived from, the financial records of a particular customer.

(b) When any police or sheriff's department or district attorney in this state certifies to a bank, credit union, or savings association in writing that a crime report has been filed that involves the alleged fraudulent use of drafts, checks, or other orders drawn upon any bank, credit union, or savings association in this state, the police or sheriff's department or district attorney may request a bank, credit union, or savings association to furnish, and a bank, credit union, or savings association shall furnish, a statement setting forth the following information with respect to a customer account specified by the police or sheriff's department or district attorney for a period 30 days prior to, and up to 30 days following, the date of occurrence of the alleged illegal act involving the account:

(1) The number of items dishonored.

(2) The number of items paid that created overdrafts.

(3) The dollar volume of the dishonored items and items paid which created overdrafts and a statement explaining any credit arrangement between the bank, credit union, or savings association and customer to pay overdrafts.

(4) The dates and amounts of deposits and debits and the account balance on these dates.

(5) A copy of the signature card, including the signature and any addresses appearing on a customer's signature card.

(6) The date the account opened and, if applicable, the date the account closed.

(7) A bank, credit union, or savings association that provides the requesting party with copies of one or more complete account statements prepared in the regular course of business shall be deemed to be in compliance with paragraphs (1), (2), (3), and (4).

(c) When any police or sheriff's department or district attorney in this state certifies to a bank, credit union, or savings association in writing that a crime report has been filed that involves the alleged fraudulent use of drafts, checks, or other orders drawn upon any bank, credit union, or savings association doing business in this state, the police or sheriff's department or district attorney may request, with the consent of the accountholder, the bank, credit union, or savings association to furnish, and the bank, credit union, or savings association shall furnish, a statement setting forth the following information with respect to a customer account specified by the police or sheriff's department or district attorney for a period 30 days prior to, and up to 30 days following, the date of occurrence of the alleged illegal act involving the account:

(1) The number of items dishonored.

(2) The number of items paid that created overdrafts.

(3) The dollar volume of the dishonored items and items paid which created overdrafts and a statement explaining any credit arrangement between the bank, credit union, or savings association and customer to pay overdrafts.

(4) The dates and amounts of deposits and debits and the account balance on these dates.

(5) A copy of the signature card, including the signature and any addresses appearing on a customer's signature card.

(6) The date the account opened and, if applicable, the date the account closed.

(7) A bank, credit union, or savings association doing business in this state that provides the requesting party with copies of one or more complete account statements prepared in the regular course of business shall be deemed to be in compliance with paragraphs (1), (2), (3), and (4).

(d) For purposes of subdivision (c), consent of the accountholder shall be satisfied if an accountholder provides to the financial institution and the person or entity seeking disclosure, a signed and dated statement containing all of the following:

(1) Authorization of the disclosure for the period specified in subdivision (c).

(2) The name of the agency or department to which disclosure is authorized and, if applicable, the statutory purpose for which the information is to be obtained.

(3) A description of the financial records that are authorized to be disclosed.

(e) (1) The Attorney General, a supervisory agency, the Franchise Tax Board, the State Board of Equalization, the Employment Development Department, the Controller or an inheritance tax referee when administering the Prohibition of Gift and Death Taxes (Part 8 (commencing with Section 13301) of Division 2 of the Revenue and Taxation Code), a police or sheriff's department or district attorney, a county adult protective services office when investigating the financial abuse of an elder or dependent adult, a long-term care ombudsman when investigating the financial abuse of an elder or dependent adult, a county welfare department when investigating welfare fraud, a county auditor-controller or director of finance when investigating fraud against the county, or the Department of Corporations when conducting investigations in connection with the enforcement of laws administered by the Commissioner of Corporations, from requesting of an office or branch of a financial institution, and the office or branch from responding to a request, as to whether a person has an account or accounts at that office or branch and, if so, any identifying numbers of the account or accounts.

(2) No additional information beyond that specified in this section shall be released to a county welfare department without either the accountholder's written consent or a judicial writ, search warrant, subpoena, or other judicial order.

(3) A county auditor-controller or director of finance who unlawfully discloses information he or she is authorized to request under this subdivision is guilty of the unlawful disclosure of confidential data, a misdemeanor, which shall be punishable as set forth in Section 7485.

(f) The examination by, or disclosure to, any supervisory agency of financial records that relate solely to the exercise of its supervisory function. The scope of an agency's supervisory function shall be determined by reference to statutes that grant authority to examine, audit, or require reports of financial records or financial institutions as follows:

(1) With respect to the Commissioner of Financial Institutions by reference to Division 1 (commencing with Section 99), Division 1.5 (commencing with Section 4800), Division 2 (commencing with Section 5000), Division 5 (commencing with Section 14000), Division 7 (commencing with Section 18000), Division 15 (commencing with

Section 31000), and Division 16 (commencing with Section 33000) of the Financial Code.

(2) With respect to the Controller by reference to Title 10 (commencing with Section 1300) of Part 3 of the Code of Civil Procedure.

(3) With respect to the Administrator of Local Agency Security by reference to Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

(g) The disclosure to the Franchise Tax Board of (1) the amount of any security interest that a financial institution has in a specified asset of a customer or (2) financial records in connection with the filing or audit of a tax return or tax information return that are required to be filed by the financial institution pursuant to Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or Part 18 (commencing with Section 38001) of the Revenue and Taxation Code.

(h) The disclosure to the State Board of Equalization of any of the following:

(1) The information required by Sections 6702, 6703, 8954, 8957, 30313, 30315, 32383, 32387, 38502, 38503, 40153, 40155, 41122, 41123.5, 43443, 43444.2, 44144, 45603, 45605, 46404, 46406, 50134, 50136, 55203, 55205, 60404, and 60407 of the Revenue and Taxation Code.

(2) The financial records in connection with the filing or audit of a tax return required to be filed by the financial institution pursuant to Part 1 (commencing with Section 6001), Part 2 (commencing with Section 7301), Part 3 (commencing with Section 8601), Part 13 (commencing with Section 30001), Part 14 (commencing with Section 32001), and Part 17 (commencing with Section 37001) of Division 2 of the Revenue and Taxation Code.

(3) The amount of any security interest a financial institution has in a specified asset of a customer, if the inquiry is directed to the branch or office where the interest is held.

(i) The disclosure to the Controller of the information required by Section 7853 of the Revenue and Taxation Code.

(j) The disclosure to the Employment Development Department of the amount of any security interest a financial institution has in a specified asset of a customer, if the inquiry is directed to the branch or office where the interest is held.

(k) The disclosure by a construction lender, as defined in Section 3087 of the Civil Code, to the Registrar of Contractors, of information concerning the making of progress payments to a prime contractor requested by the registrar in connection with an investigation under Section 7108.5 of the Business and Professions Code.

(*l*) Upon receipt of a written request from a local child support agency referring to a support order pursuant to Section 17400 of the Family Code, a financial institution shall disclose the following information concerning the account or the person named in the request, whom the local child support agency shall identify, whenever possible, by social security number:

(1) If the request states the identifying number of an account at a financial institution, the name of each owner of the account.

(2) Each account maintained by the person at the branch to which the request is delivered, and, if the branch is able to make a computerized search, each account maintained by the person at any other branch of the financial institution located in this state.

(3) For each account disclosed pursuant to paragraphs (1) and (2), the account number, current balance, street address of the branch where the account is maintained, and, to the extent available through the branch's computerized search, the name and address of any other person listed as an owner.

(4) Whenever the request prohibits the disclosure, a financial institution shall not disclose either the request or its response, to an owner of the account or to any other person, except the officers and employees of the financial institution who are involved in responding to the request and to attorneys, employees of the local child support agencies, auditors, and regulatory authorities who have a need to know in order to perform their duties, and except as disclosure may be required by legal process.

(5) No financial institution, or any officer, employee, or agent thereof, shall be liable to any person for (A) disclosing information in response to a request pursuant to this subdivision, (B) failing to notify the owner of an account, or complying with a request under this paragraph not to disclose to the owner, the request or disclosure under this subdivision, or (C) failing to discover any account owned by the person named in the request pursuant to a computerized search of the records of the financial institution.

(6) The local child support agency may request information pursuant to this subdivision only when the local child support agency has received at least one of the following types of physical evidence:

(A) Any of the following, dated within the last three years:

(i) Form 599.

(ii) Form 1099.

(iii) A bank statement.

(iv) A check.

(v) A bank passbook.

(vi) A deposit slip.

(vii) A copy of a federal or state income tax return.

(viii) A debit or credit advice.

(ix) Correspondence that identifies the child support obligor by name, the bank, and the account number.

(x) Correspondence that identifies the child support obligor by name, the bank, and the banking services related to the account of the obligor.

(xi) An asset identification report from a federal agency.

(B) A sworn declaration of the custodial parent during the 12 months immediately preceding the request that the person named in the request has had or may have had an account at an office or branch of the financial institution to which the request is made.

(7) Information obtained by a local child support agency pursuant to this subdivision shall be used only for purposes that are directly connected with the administration of the duties of the local child support agency pursuant to Section 17400 of the Family Code.

(m) (1) As provided in paragraph (1) of subdivision (c) of Section 666 of Title 42 of the United States Code, upon receipt of an administrative subpoena on the current federally approved interstate child support enforcement form, as approved by the federal Office of Management and Budget, a financial institution shall provide the information or documents requested by the administrative subpoena.

(2) The administrative subpoena shall refer to the current federal Office of Management and Budget control number and be signed by a person who states that he or she is an authorized agent of a state or county agency responsible for implementing the child support enforcement program set forth in Part D (commencing with Section 651) of Subchapter IV of Chapter 7 of Title 42 of the United States Code. A financial institution may rely on the statements made in the subpoena and has no duty to inquire into the truth of any statement in the subpoena.

(3) If the person who signs the administrative subpoena directs a financial institution in writing not to disclose either the subpoena or its response to any owner of an account covered by the subpoena, the financial institution shall not disclose the subpoena or its response to the owner.

(4) No financial institution, or any officer, employee, or agent thereof, shall be liable to any person for (A) disclosing information or providing documents in response to a subpoena pursuant to this subdivision, (B) failing to notify any owner of an account covered by the subpoena or complying with a request not to disclose to the owner, the subpoena or disclosure under this subdivision, or (C) failing to discover any account owned by the person named in the subpoena pursuant to a computerized search of the records of the financial institution.

(n) The dissemination of financial information and records pursuant to any of the following:

(1) Compliance by a financial institution with the requirements of Section 2892 of the Probate Code.

(2) Compliance by a financial institution with the requirements of Section 2893 of the Probate Code.

(3) An order by a judge upon a written ex parte application by a peace officer showing specific and articulable facts that there are reasonable grounds to believe that the records or information sought are relevant and material to an ongoing investigation of a felony violation of Section 186.10 or of any felony subject to the enhancement set forth in Section 186.11.

(A) The ex parte application shall specify with particularity the records to be produced, which shall be only those of the individual or individuals who are the subject of the criminal investigation.

(B) The ex parte application and any subsequent judicial order shall be open to the public as a judicial record unless ordered sealed by the court, for a period of 60 days. The sealing of these records may be extended for 60-day periods upon a showing to the court that it is necessary for the continuance of the investigation. Sixty-day extensions may continue for up to one year or until termination of the investigation of the individual or individuals, whichever is sooner.

(C) The records ordered to be produced shall be returned to the peace officer applicant or his or her designee within a reasonable time period after service of the order upon the financial institution.

(D) Nothing in this subdivision shall preclude the financial institution from notifying a customer of the receipt of the order for production of records unless a court orders the financial institution to withhold notification to the customer upon a finding that the notice would impede the investigation.

(E) Where a court has made an order pursuant to this paragraph to withhold notification to the customer under this paragraph, the peace officer or law enforcement agency who obtained the financial information shall notify the customer by delivering a copy of the ex parte order to the customer within 10 days of the termination of the investigation.

(4) No financial institution, or any officer, employee, or agent thereof, shall be liable to any person for any of the following:

(A) Disclosing information to a probate court pursuant to Sections 2892 and 2893.

(B) Disclosing information in response to a court order pursuant to paragraph (3).

(C) Complying with a court order under this subdivision not to disclose to the customer, the order, or the dissemination of information pursuant to the court order.

(o) Disclosure by a financial institution to a peace officer, as defined in Section 830.1 of the Penal Code, pursuant to the following:

(1) Paragraph (1) of subdivision (a) of Section 1748.95 of the Civil Code, provided that the financial institution has first complied with the requirements of paragraph (2) of subdivision (a) and subdivision (b) of Section 1748.95 of the Civil Code.

(2) Paragraph (1) of subdivision (a) of Section 4002 of the Financial Code, provided that the financial institution has first complied with the requirements of paragraph (2) of subdivision (a) and subdivision (b) of Section 4002 of the Financial Code.

(3) Paragraph (1) of subdivision (a) of Section 22470 of the Financial Code, provided that any financial institution that is a finance lender has first complied with the requirements of paragraph (2) of subdivision (a) and subdivision (b) of Section 22470 of the Financial Code.

(p) When the governing board of the Public Employees' Retirement System or the State Teachers' Retirement System certifies in writing to a financial institution that a benefit recipient has died and that transfers to the benefit recipient's account at the financial institution from the retirement system occurred after the benefit recipient's date of death, the financial institution shall furnish the retirement system the name and address of any coowner, cosigner, or any other person who had access to the funds in the account following the date of the benefit recipient's death, or if the account has been closed, the name and address of the person who closed the account.

(q) When the retirement board of a retirement system established under the County Employees Retirement Law of 1937 certifies in writing to a financial institution that a retired member or the beneficiary of a retired member has died and that transfers to the account of the retired member or beneficiary of a retired member at the financial institution from the retirement system occurred after the date of death of the retired member or beneficiary of a retired member, the financial institution shall furnish the retirement system the name and address of any coowner, cosigner, or any other person who had access to the funds in the account following the date of death of the retired member or beneficiary of a retired member, or if the account has been closed, the name and address of the person who closed the account.

(r) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 3. Section 7480 is added to the Government Code, to read:

7480. Nothing in this chapter prohibits any of the following:

(a) The dissemination of any financial information that is not identified with, or identifiable as being derived from, the financial records of a particular customer.

(b) When any police or sheriff's department or district attorney in this state certifies to a bank, credit union, or savings association in writing that a crime report has been filed that involves the alleged fraudulent use of drafts, checks, or other orders drawn upon any bank, credit union, or savings association in this state, the police or sheriff's department or district attorney may request a bank, credit union, or savings association to furnish, and a bank, credit union, or savings association shall furnish, a statement setting forth the following information with respect to a customer account specified by the police or sheriff's department or district attorney for a period 30 days prior to, and up to 30 days following, the date of occurrence of the alleged illegal act involving the account:

(1) The number of items dishonored.

(2) The number of items paid that created overdrafts.

(3) The dollar volume of the dishonored items and items paid which created overdrafts and a statement explaining any credit arrangement between the bank, credit union, or savings association and customer to pay overdrafts.

(4) The dates and amounts of deposits and debits and the account balance on these dates.

(5) A copy of the signature card, including the signature and any addresses appearing on a customer's signature card.

(6) The date the account opened and, if applicable, the date the account closed.

(7) A bank, credit union, or savings association that provides the requesting party with copies of one or more complete account statements prepared in the regular course of business shall be deemed to be in compliance with paragraphs (1), (2), (3), and (4).

(c) When any police or sheriff's department or district attorney in this state certifies to a bank, credit union, or savings association in writing that a crime report has been filed that involves the alleged fraudulent use of drafts, checks, or other orders drawn upon any bank, credit union, or savings association doing business in this state, the police or sheriff's department or district attorney may request, with the consent of the accountholder, the bank, credit union, or savings association to furnish, and the bank, credit union, or savings association shall furnish, a statement setting forth the following information with respect to a customer account specified by the police or sheriff's department or district attorney for a period 30 days prior to, and up to 30 days following, the date of occurrence of the alleged illegal act involving the account:

(1) The number of items dishonored.

(2) The number of items paid that created overdrafts.

(3) The dollar volume of the dishonored items and items paid which created overdrafts and a statement explaining any credit arrangement between the bank, credit union, or savings association and customer to pay overdrafts.

(4) The dates and amounts of deposits and debits and the account balance on these dates.

(5) A copy of the signature card, including the signature and any addresses appearing on a customer's signature card.

(6) The date the account opened and, if applicable, the date the account closed.

(7) A bank, credit union, or savings association doing business in this state that provides the requesting party with copies of one or more complete account statements prepared in the regular course of business shall be deemed to be in compliance with paragraphs (1), (2), (3), and (4).

(d) For purposes of subdivision (c), consent of the accountholder shall be satisfied if an accountholder provides to the financial institution and the person or entity seeking disclosure, a signed and dated statement containing all of the following:

(1) Authorization of the disclosure for the period specified in subdivision (c).

(2) The name of the agency or department to which disclosure is authorized and, if applicable, the statutory purpose for which the information is to be obtained.

(3) A description of the financial records that are authorized to be disclosed.

(e) (1) The Attorney General, a supervisory agency, the Franchise Tax Board, the State Board of Equalization, the Employment Development Department, the Controller or an inheritance tax referee when administering the Prohibition of Gift and Death Taxes (Part 8 (commencing with Section 13301) of Division 2 of the Revenue and Taxation Code), a police or sheriff's department or district attorney, a county welfare department when investigating welfare fraud, a county auditor-controller or director of finance when investigating fraud against the county, or the Department of Corporations when conducting investigations in connection with the enforcement of laws administered by the Commissioner of Corporations, from requesting of an office or branch of a financial institution, and the office or branch from responding to a request, as to whether a person has an account or accounts at that office or branch and, if so, any identifying numbers of the account or accounts.

(2) No additional information beyond that specified in this section shall be released to a county welfare department without either the accountholder's written consent or a judicial writ, search warrant, subpoena, or other judicial order.

(3) A county auditor-controller or director of finance who unlawfully discloses information he or she is authorized to request under this subdivision is guilty of the unlawful disclosure of confidential data, a misdemeanor, which shall be punishable as set forth in Section 7485.

(f) The examination by, or disclosure to, any supervisory agency of financial records that relate solely to the exercise of its supervisory function. The scope of an agency's supervisory function shall be determined by reference to statutes that grant authority to examine, audit, or require reports of financial records or financial institutions as follows:

(1) With respect to the Commissioner of Financial Institutions by reference to Division 1 (commencing with Section 99), Division 1.5 (commencing with Section 4800), Division 2 (commencing with Section 5000), Division 5 (commencing with Section 14000), Division 7 (commencing with Section 18000), Division 15 (commencing with Section 31000), and Division 16 (commencing with Section 33000) of the Financial Code.

(2) With respect to the Controller by reference to Title 10 (commencing with Section 1300) of Part 3 of the Code of Civil Procedure.

(3) With respect to the Administrator of Local Agency Security by reference to Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

(g) The disclosure to the Franchise Tax Board of (1) the amount of any security interest that a financial institution has in a specified asset of a customer or (2) financial records in connection with the filing or audit of a tax return or tax information return that are required to be filed by the financial institution pursuant to Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or Part 18 (commencing with Section 38001) of the Revenue and Taxation Code.

(h) The disclosure to the State Board of Equalization of any of the following:

(1) The information required by Sections 6702, 6703, 8954, 8957, 30313, 30315, 32383, 32387, 38502, 38503, 40153, 40155, 41122, 41123.5, 43443, 43444.2, 44144, 45603, 45605, 46404, 46406, 50134, 50136, 55203, 55205, 60404, and 60407 of the Revenue and Taxation Code.

(2) The financial records in connection with the filing or audit of a tax return required to be filed by the financial institution pursuant to Part 1 (commencing with Section 6001), Part 2 (commencing with Section

7301), Part 3 (commencing with Section 8601), Part 13 (commencing with Section 30001), Part 14 (commencing with Section 32001), and Part 17 (commencing with Section 37001) of Division 2 of the Revenue and Taxation Code.

(3) The amount of any security interest a financial institution has in a specified asset of a customer, if the inquiry is directed to the branch or office where the interest is held.

(i) The disclosure to the Controller of the information required by Section 7853 of the Revenue and Taxation Code.

(j) The disclosure to the Employment Development Department of the amount of any security interest a financial institution has in a specified asset of a customer, if the inquiry is directed to the branch or office where the interest is held.

(k) The disclosure by a construction lender, as defined in Section 3087 of the Civil Code, to the Registrar of Contractors, of information concerning the making of progress payments to a prime contractor requested by the registrar in connection with an investigation under Section 7108.5 of the Business and Professions Code.

(*l*) Upon receipt of a written request from a local child support agency referring to a support order pursuant to Section 17400 of the Family Code, a financial institution shall disclose the following information concerning the account or the person named in the request, whom the local child support agency shall identify, whenever possible, by social security number:

(1) If the request states the identifying number of an account at a financial institution, the name of each owner of the account.

(2) Each account maintained by the person at the branch to which the request is delivered, and, if the branch is able to make a computerized search, each account maintained by the person at any other branch of the financial institution located in this state.

(3) For each account disclosed pursuant to paragraphs (1) and (2), the account number, current balance, street address of the branch where the account is maintained, and, to the extent available through the branch's computerized search, the name and address of any other person listed as an owner.

(4) Whenever the request prohibits the disclosure, a financial institution shall not disclose either the request or its response, to an owner of the account or to any other person, except the officers and employees of the financial institution who are involved in responding to the request and to attorneys, employees of the local child support agencies, auditors, and regulatory authorities who have a need to know in order to perform their duties, and except as disclosure may be required by legal process.

(5) No financial institution, or any officer, employee, or agent thereof, shall be liable to any person for (A) disclosing information in response to a request pursuant to this subdivision, (B) failing to notify the owner of an account, or complying with a request under this paragraph not to disclose to the owner, the request or disclosure under this subdivision, or (C) failing to discover any account owned by the person named in the request pursuant to a computerized search of the records of the financial institution.

(6) The local child support agency may request information pursuant to this subdivision only when the local child support agency has received at least one of the following types of physical evidence:

(A) Any of the following, dated within the last three years:

(i) Form 599.

(ii) Form 1099.

(iii) A bank statement.

(iv) A check.

(v) A bank passbook.

(vi) A deposit slip.

(vii) A copy of a federal or state income tax return.

(viii) A debit or credit advice.

(ix) Correspondence that identifies the child support obligor by name, the bank, and the account number.

(x) Correspondence that identifies the child support obligor by name, the bank, and the banking services related to the account of the obligor.

(xi) An asset identification report from a federal agency.

(B) A sworn declaration of the custodial parent during the 12 months immediately preceding the request that the person named in the request has had or may have had an account at an office or branch of the financial institution to which the request is made.

(7) Information obtained by a local child support agency pursuant to this subdivision shall be used only for purposes that are directly connected with the administration of the duties of the local child support agency pursuant to Section 17400 of the Family Code.

(m) (1) As provided in paragraph (1) of subdivision (c) of Section 666 of Title 42 of the United States Code, upon receipt of an administrative subpoena on the current federally approved interstate child support enforcement form, as approved by the federal Office of Management and Budget, a financial institution shall provide the information or documents requested by the administrative subpoena.

(2) The administrative subpoena shall refer to the current federal Office of Management and Budget control number and be signed by a person who states that he or she is an authorized agent of a state or county agency responsible for implementing the child support enforcement

program set forth in Part D (commencing with Section 651) of Subchapter IV of Chapter 7 of Title 42 of the United States Code. A financial institution may rely on the statements made in the subpoena and has no duty to inquire into the truth of any statement in the subpoena.

(3) If the person who signs the administrative subpoena directs a financial institution in writing not to disclose either the subpoena or its response to any owner of an account covered by the subpoena, the financial institution shall not disclose the subpoena or its response to the owner.

(4) No financial institution, or any officer, employee, or agent thereof, shall be liable to any person for (A) disclosing information or providing documents in response to a subpoena pursuant to this subdivision, (B) failing to notify any owner of an account covered by the subpoena or complying with a request not to disclose to the owner, the subpoena or disclosure under this subdivision, or (C) failing to discover any account owned by the person named in the subpoena pursuant to a computerized search of the records of the financial institution.

(n) The dissemination of financial information and records pursuant to any of the following:

(1) Compliance by a financial institution with the requirements of Section 2892 of the Probate Code.

(2) Compliance by a financial institution with the requirements of Section 2893 of the Probate Code.

(3) An order by a judge upon a written ex parte application by a peace officer showing specific and articulable facts that there are reasonable grounds to believe that the records or information sought are relevant and material to an ongoing investigation of a felony violation of Section 186.10 or of any felony subject to the enhancement set forth in Section 186.11.

(A) The ex parte application shall specify with particularity the records to be produced, which shall be only those of the individual or individuals who are the subject of the criminal investigation.

(B) The ex parte application and any subsequent judicial order shall be open to the public as a judicial record unless ordered sealed by the court, for a period of 60 days. The sealing of these records may be extended for 60-day periods upon a showing to the court that it is necessary for the continuance of the investigation. Sixty-day extensions may continue for up to one year or until termination of the investigation of the individual or individuals, whichever is sooner.

(C) The records ordered to be produced shall be returned to the peace officer applicant or his or her designee within a reasonable time period after service of the order upon the financial institution.

(D) Nothing in this subdivision shall preclude the financial institution from notifying a customer of the receipt of the order for production of records unless a court orders the financial institution to withhold notification to the customer upon a finding that the notice would impede the investigation.

(E) Where a court has made an order pursuant to this paragraph to withhold notification to the customer under this paragraph, the peace officer or law enforcement agency who obtained the financial information shall notify the customer by delivering a copy of the ex parte order to the customer within 10 days of the termination of the investigation.

(4) No financial institution, or any officer, employee, or agent thereof, shall be liable to any person for any of the following:

(A) Disclosing information to a probate court pursuant to Sections 2892 and 2893.

(B) Disclosing information in response to a court order pursuant to paragraph (3).

(C) Complying with a court order under this subdivision not to disclose to the customer, the order, or the dissemination of information pursuant to the court order.

(o) Disclosure by a financial institution to a peace officer, as defined in Section 830.1 of the Penal Code, pursuant to the following:

(1) Paragraph (1) of subdivision (a) of Section 1748.95 of the Civil Code, provided that the financial institution has first complied with the requirements of paragraph (2) of subdivision (a) and subdivision (b) of Section 1748.95 of the Civil Code.

(2) Paragraph (1) of subdivision (a) of Section 4002 of the Financial Code, provided that the financial institution has first complied with the requirements of paragraph (2) of subdivision (a) and subdivision (b) of Section 4002 of the Financial Code.

(3) Paragraph (1) of subdivision (a) of Section 22470 of the Financial Code, provided that any financial institution that is a finance lender has first complied with the requirements of paragraph (2) of subdivision (a) and subdivision (b) of Section 22470 of the Financial Code.

(p) When the governing board of the Public Employees' Retirement System or the State Teachers' Retirement System certifies in writing to a financial institution that a benefit recipient has died and that transfers to the benefit recipient's account at the financial institution from the retirement system occurred after the benefit recipient's date of death, the financial institution shall furnish the retirement system the name and address of any coowner, cosigner, or any other person who had access to the funds in the account following the date of the benefit recipient's death, or if the account has been closed, the name and address of the person who closed the account.

(q) When the retirement board of a retirement system established under the County Employees Retirement Law of 1937 certifies in writing to a financial institution that a retired member or the beneficiary of a retired member has died and that transfers to the account of the retired member or beneficiary of a retired member at the financial institution from the retirement system occurred after the date of death of the retired member or beneficiary of a retired member, the financial institution shall furnish the retirement system the name and address of any coowner, cosigner, or any other person who had access to the funds in the account following the date of death of the retired member or beneficiary of a retired member, or if the account has been closed, the name and address of the person who closed the account.

(r) This section shall become operative on January 1, 2013.

SEC. 4. Section 15630.1 is added to the Welfare and Institutions Code, to read:

15630.1. (a) As used in this section, "mandated reporter of suspected financial abuse of an elder or dependent adult" means all officers and employees of financial institutions.

(b) As used in this section, the term "financial institution" means any of the following:

(1) A depository institution, as defined in Section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1813(c)).

(2) An institution-affiliated party, as defined in Section 3(u) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1813(u)).

(3) A federal credit union or state credit union, as defined in Section 101 of the Federal Credit Union Act (12 U.S.C. Sec. 1752), including, but not limited to, an institution-affiliated party of a credit union, as defined in Section 206(r) of the Federal Credit Union Act (12 U.S.C. Sec. 1786(r)).

(c) As used in this section, "financial abuse" has the same meaning as in Section 15610.30.

(d) (1) Any mandated reporter of suspected financial abuse of an elder or dependent adult who has direct contact with the elder or dependent adult or who reviews or approves the elder or dependent adult's financial documents, records, or transactions, in connection with providing financial services with respect to an elder or dependent adult, and who, within the scope of his or her employment or professional practice, has observed or has knowledge of an incident, that is directly related to the transaction or matter that is within that scope of employment or professional practice, that reasonably appears to be financial abuse, or who reasonably suspects that abuse, based solely on the information before him or her at the time of reviewing or approving the document, record, or transaction in the case of mandated reporters

who do not have direct contact with the elder or dependent adult, shall report the known or suspected instance of financial abuse by telephone immediately, or as soon as practicably possible, and by written report sent within two working days to the local adult protective services agency or the local law enforcement agency.

(2) When two or more mandated reporters jointly have knowledge or reasonably suspect that financial abuse of an elder or a dependent adult for which the report is mandated has occurred, and when there is an agreement among them, the telephone report may be made by a member of the reporting team who is selected by mutual agreement. A single report may be made and signed by the selected member of the reporting team. Any member of the team who has knowledge that the member designated to report has failed to do so shall thereafter make that report.

(3) If the mandated reporter knows that the elder or dependent adult resides in a long-term care facility, as defined in Section 15610.47, the report shall be made to the local ombudsman or local law enforcement agency.

(e) An allegation by the elder or dependent adult, or any other person, that financial abuse has occurred is not sufficient to trigger the reporting requirement under this section if both of the following conditions are met:

(1) The mandated reporter of suspected financial abuse of an elder or dependent adult is aware of no other corroborating or independent evidence of the alleged financial abuse of an elder or dependent adult. The mandated reporter of suspected financial abuse of an elder or dependent adult is not required to investigate any accusations.

(2) In the exercise of his or her professional judgment, the mandated reporter of suspected financial abuse of an elder or dependent adult reasonably believes that financial abuse of an elder or dependent adult did not occur.

(f) Failure to report financial abuse under this section shall be subject to a civil penalty not exceeding one thousand dollars ($1,000) or if the failure to report is willful, a civil penalty not exceeding five thousand dollars ($5,000), which shall be paid by the financial institution that is the employer of the mandated reporter to the party bringing the action. Subdivision (h) of Section 15630 shall not apply to violations of this section.

(g) (1) The civil penalty provided for in subdivision (f) shall be recovered only in a civil action brought against the financial institution by the Attorney General, district attorney, or county counsel. No action shall be brought under this section by any person other than the Attorney General, district attorney, or county counsel. Multiple actions for the civil penalty may not be brought for the same violation.

(2) Nothing in the Financial Elder Abuse Reporting Act of 2005 shall be construed to limit, expand, or otherwise modify any civil liability or remedy that may exist under this or any other law.

(h) As used in this section, "suspected financial abuse of an elder or dependent adult" occurs when a person who is required to report under subdivision (a) observes or has knowledge of behavior or unusual circumstances or transactions, or a pattern of behavior or unusual circumstances or transactions, that would lead an individual with like training or experience, based on the same facts, to form a reasonable belief that an elder or dependent adult is the victim of financial abuse as defined in Section 15610.30.

(i) Reports of suspected financial abuse of an elder or dependent adult made by an employee or officer of a financial institution pursuant to this section are covered under subdivision (b) of Section 47 of the Civil Code.

(j) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 5. Section 15633 of the Welfare and Institutions Code is amended to read:

15633. (a) The reports made pursuant to Sections 15630, 15630.1, and 15631 shall be confidential and may be disclosed only as provided in subdivision (b). Any violation of the confidentiality required by this chapter is a misdemeanor punishable by not more than six months in the county jail, by a fine of five hundred dollars ($500), or by both that fine and imprisonment.

(b) Reports of suspected abuse of an elder or dependent adult and information contained therein may be disclosed only to the following:

(1) Persons or agencies to whom disclosure of information or the identity of the reporting party is permitted under Section 15633.5.

(2) (A) Persons who are trained and qualified to serve on multidisciplinary personnel teams may disclose to one another information and records that are relevant to the prevention, identification, or treatment of abuse of elderly or dependent persons.

(B) Except as provided in subparagraph (A), any personnel of the multidisciplinary team or agency that receives information pursuant to this chapter, shall be under the same obligations and subject to the same confidentiality penalties as the person disclosing or providing that information. The information obtained shall be maintained in a manner that ensures the maximum protection of privacy and confidentiality rights.

(c) This section shall not be construed to allow disclosure of any reports or records relevant to the reports of abuse of an elder or dependent adult if the disclosure would be prohibited by any other provisions of

state or federal law applicable to the reports or records relevant to the reports of the abuse, nor shall it be construed to prohibit the disclosure by a financial institution of any reports or records relevant to the reports of abuse of an elder or dependent adult if the disclosure would be required of a financial institution by otherwise applicable state or federal law or court order.

(d) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 6. Section 15633 is added to the Welfare and Institutions Code, to read:

15633. (a) The reports made pursuant to Sections 15630 and 15631 shall be confidential and may be disclosed only as provided in subdivision (b). Any violation of the confidentiality required by this chapter is a misdemeanor punishable by not more than six months in the county jail, by a fine of five hundred dollars ($500), or by both that fine and imprisonment.

(b) Reports of suspected elder or dependent adult abuse and information contained therein may be disclosed only to the following:

(1) Persons or agencies to whom disclosure of information or the identity of the reporting party is permitted under Section 15633.5.

(2) (A) Persons who are trained and qualified to serve on multidisciplinary personnel teams may disclose to one another information and records that are relevant to the prevention, identification, or treatment of abuse of elderly or dependent persons.

(B) Except as provided in subparagraph (A), any personnel of the multidisciplinary team or agency that receives information pursuant to this chapter, shall be under the same obligations and subject to the same confidentiality penalties as the person disclosing or providing that information. The information obtained shall be maintained in a manner that ensures the maximum protection of privacy and confidentiality rights.

(c) This section shall not be construed to allow disclosure of any reports or records relevant to the reports of elder or dependent adult abuse if the disclosure would be prohibited by any other provisions of state or federal law applicable to the reports or records relevant to the reports of the abuse.

(d) This section shall become operative on January 1, 2013.

SEC. 7. Section 15634 of the Welfare and Institutions Code is amended to read:

15634. (a) No care custodian, clergy member, health practitioner, mandated reporter of suspected financial abuse of an elder or dependent adult, or employee of an adult protective services agency or a local law

enforcement agency who reports a known or suspected instance of abuse of an elder or dependent adult shall be civilly or criminally liable for any report required or authorized by this article. Any other person reporting a known or suspected instance of abuse of an elder or dependent adult shall not incur civil or criminal liability as a result of any report authorized by this article, unless it can be proven that a false report was made and the person knew that the report was false. No person required to make a report pursuant to this article, or any person taking photographs at his or her discretion, shall incur any civil or criminal liability for taking photographs of a suspected victim of abuse of an elder or dependent adult or causing photographs to be taken of such a suspected victim or for disseminating the photographs with the reports required by this article. However, this section shall not be construed to grant immunity from this liability with respect to any other use of the photographs.

(b) No care custodian, clergy member, health practitioner, mandated reporter of suspected financial abuse of an elder or dependent adult, or employee of an adult protective services agency or a local law enforcement agency who, pursuant to a request from an adult protective services agency or a local law enforcement agency investigating a report of known or suspected abuse of an elder or dependent adult, provides the requesting agency with access to the victim of a known or suspected instance of abuse of an elder or dependent adult, shall incur civil or criminal liability as a result of providing that access.

(c) The Legislature finds that, even though it has provided immunity from liability to persons required to report abuse of an elder or dependent adult, immunity does not eliminate the possibility that actions may be brought against those persons based upon required reports of abuse. In order to further limit the financial hardship that those persons may incur as a result of fulfilling their legal responsibilities, it is necessary that they not be unfairly burdened by legal fees incurred in defending those actions. Therefore, a care custodian, clergy member, health practitioner, or an employee of an adult protective services agency or a local law enforcement agency may present to the State Board of Control a claim for reasonable attorneys' fees incurred in any action against that person on the basis of making a report required or authorized by this article if the court has dismissed the action upon a demurrer or motion for summary judgment made by that person, or if he or she prevails in the action. The State Board of Control shall allow that claim if the requirements of this subdivision are met, and the claim shall be paid from an appropriation to be made for that purpose. Attorneys' fees awarded pursuant to this section shall not exceed an hourly rate greater than the rate charged by the Attorney General at the time the award is made and shall not exceed an aggregate amount of fifty thousand dollars

($50,000). This subdivision shall not apply if a public entity has provided for the defense of the action pursuant to Section 995 of the Government Code.

(d) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 8. Section 15634 is added to the Welfare and Institutions Code, to read:

15634. (a) No care custodian, clergy member, health practitioner, or employee of an adult protective service agency or a local law enforcement agency who reports a known or suspected instance of elder or dependent adult abuse shall be civilly or criminally liable for any report required or authorized by this article. Any other person reporting a known or suspected instance of elder or dependent adult abuse shall not incur civil or criminal liability as a result of any report authorized by this article, unless it can be proven that a false report was made and the person knew that the report was false. No person required to make a report pursuant to this article, or any person taking photographs at his or her discretion, shall incur any civil or criminal liability for taking photographs of a suspected victim of elder or dependent adult abuse or causing photographs to be taken of such a suspected victim or for disseminating the photographs with the reports required by this article. However, this section shall not be construed to grant immunity from this liability with respect to any other use of the photographs.

(b) No care custodian, clergy member, health practitioner, or employee of an adult protective services agency or a local law enforcement agency who, pursuant to a request from an adult protective services agency or a local law enforcement agency investigating a report of known or suspected elder or dependent adult abuse, provides the requesting agency with access to the victim of a known or suspected instance of elder or dependent adult abuse, shall incur civil or criminal liability as a result of providing that access.

(c) The Legislature finds that, even though it has provided immunity from liability to persons required to report elder or dependent adult abuse, immunity does not eliminate the possibility that actions may be brought against those persons based upon required reports of abuse. In order to further limit the financial hardship that those persons may incur as a result of fulfilling their legal responsibilities, it is necessary that they not be unfairly burdened by legal fees incurred in defending those actions. Therefore, a care custodian, clergy member, health practitioner, or an employee of an adult protective services agency or a local law enforcement agency may present to the State Board of Control a claim for reasonable attorneys' fees incurred in any action against that person

on the basis of making a report required or authorized by this article if the court has dismissed the action upon a demurrer or motion for summary judgment made by that person, or if he or she prevails in the action. The State Board of Control shall allow that claim if the requirements of this subdivision are met, and the claim shall be paid from an appropriation to be made for that purpose. Attorneys' fees awarded pursuant to this section shall not exceed an hourly rate greater than the rate charged by the Attorney General at the time the award is made and shall not exceed an aggregate amount of fifty thousand dollars ($50,000). This subdivision shall not apply if a public entity has provided for the defense of the action pursuant to Section 995 of the Government Code.

(d) This section shall become operative on January 1, 2013.

SEC. 9. Section 15640 of the Welfare and Institutions Code is amended to read:

15640. (a) (1) An adult protective services agency shall immediately, or as soon as practically possible, report by telephone to the law enforcement agency having jurisdiction over the case any known or suspected instance of criminal activity, and to any public agency given responsibility for investigation in that jurisdiction of cases of elder and dependent adult abuse, every known or suspected instance of abuse pursuant to Section 15630 or 15630.1 of an elder or dependent adult. A county adult protective services agency shall also send a written report thereof within two working days of receiving the information concerning the incident to each agency to which it is required to make a telephone report under this subdivision. Prior to making any cross-report of allegations of financial abuse to law enforcement agencies, an adult protective services agency shall first determine whether there is reasonable suspicion of any criminal activity.

(2) If an adult protective services agency receives a report of abuse alleged to have occurred in a long-term care facility, that adult protective services agency shall immediately inform the person making the report that he or she is required to make the report to the long-term care ombudsman program or to a local law enforcement agency. The adult protective services agency shall not accept the report by telephone but shall forward any written report received to the long-term care ombudsman.

(b) If an adult protective services agency or local law enforcement agency or ombudsman program receiving a report of known or suspected elder or dependent adult abuse determines, pursuant to its investigation, that the abuse is being committed by a health practitioner licensed under Division 2 (commencing with Section 500) of the Business and Professions Code, or any related initiative act, or by a person purporting

to be a licensee, the adult protective services agency or local law enforcement agency or ombudsman program shall immediately, or as soon as practically possible, report this information to the appropriate licensing agency. The licensing agency shall investigate the report in light of the potential for physical harm. The transmittal of information to the appropriate licensing agency shall not relieve the adult protective services agency or local law enforcement agency or ombudsman program of the responsibility to continue its own investigation as required under applicable provisions of law. The information reported pursuant to this paragraph shall remain confidential and shall not be disclosed.

(c) A local law enforcement agency shall immediately, or as soon as practically possible, report by telephone to the long-term care ombudsman program when the abuse is alleged to have occurred in a long-term care facility or to the county adult protective services agency when it is alleged to have occurred anywhere else, and to the agency given responsibility for the investigation of cases of elder and dependent adult abuse every known or suspected instance of abuse of an elder or dependent adult. A local law enforcement agency shall also send a written report thereof within two working days of receiving the information concerning the incident to any agency to which it is required to make a telephone report under this subdivision.

(d) A long-term care ombudsman coordinator may report the instance of abuse to the county adult protective services agency or to the local law enforcement agency for assistance in the investigation of the abuse if the victim gives his or her consent. A long-term care ombudsman program and the Licensing and Certification Division of the State Department of Health Services shall immediately report by telephone and in writing within two working days to the bureau any instance of neglect occurring in a health care facility, that has seriously harmed any patient or reasonably appears to present a serious threat to the health or physical well-being of a patient in that facility. If a victim or potential victim of the neglect withholds consent to being identified in that report, the report shall contain circumstantial information about the neglect but shall not identify that victim or potential victim and the bureau and the reporting agency shall maintain the confidentiality of the report until the report becomes a matter of public record.

(e) When a county adult protective services agency, a long-term care ombudsman program, or a local law enforcement agency receives a report of abuse, neglect, or abandonment of an elder or dependent adult alleged to have occurred in a long-term care facility, that county adult protective services agency, long-term care ombudsman coordinator, or local law enforcement agency shall report the incident to the licensing agency by telephone as soon as possible.

(f) County adult protective services agencies, long-term care ombudsman programs, and local law enforcement agencies shall report the results of their investigations of referrals or reports of abuse to the respective referring or reporting agencies.

(g) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 10. Section 15640 is added to the Welfare and Institutions Code, to read:

15640. (a) (1) An adult protective services agency shall immediately, or as soon as practically possible, report by telephone to the law enforcement agency having jurisdiction over the case any known or suspected instance of criminal activity, and to any public agency given responsibility for investigation in that jurisdiction of cases of elder and dependent adult abuse, every known or suspected instance of abuse pursuant to Section 15630 of an elder or dependent adult. A county adult protective services agency shall also send a written report thereof within two working days of receiving the information concerning the incident to each agency to which it is required to make a telephone report under this subdivision. Prior to making any cross-report of allegations of financial abuse to law enforcement agencies, an adult protective services agency shall first determine whether there is reasonable suspicion of any criminal activity.

(2) If an adult protective services agency receives a report of abuse alleged to have occurred in a long-term care facility, that adult protective services agency shall immediately inform the person making the report that he or she is required to make the report to the long-term care ombudsman program or to a local law enforcement agency. The adult protective services agency shall not accept the report by telephone but shall forward any written report received to the long-term care ombudsman.

(b) If an adult protective services agency or local law enforcement agency or ombudsman program receiving a report of known or suspected elder or dependent adult abuse determines, pursuant to its investigation, that the abuse is being committed by a health practitioner licensed under Division 2 (commencing with Section 500) of the Business and Professions Code, or any related initiative act, or by a person purporting to be a licensee, the adult protective services agency or local law enforcement agency or ombudsman program shall immediately, or as soon as practically possible, report this information to the appropriate licensing agency. The licensing agency shall investigate the report in light of the potential for physical harm. The transmittal of information to the appropriate licensing agency shall not relieve the adult protective

services agency or local law enforcement agency or ombudsman program of the responsibility to continue its own investigation as required under applicable provisions of law. The information reported pursuant to this paragraph shall remain confidential and shall not be disclosed.

(c) A local law enforcement agency shall immediately, or as soon as practically possible, report by telephone to the long-term care ombudsman program when the abuse is alleged to have occurred in a long-term care facility or to the county adult protective services agency when it is alleged to have occurred anywhere else, and to the agency given responsibility for the investigation of cases of elder and dependent adult abuse every known or suspected instance of abuse of an elder or dependent adult. A local law enforcement agency shall also send a written report thereof within two working days of receiving the information concerning the incident to any agency to which it is required to make a telephone report under this subdivision.

(d) A long-term care ombudsman coordinator may report the instance of abuse to the county adult protective services agency or to the local law enforcement agency for assistance in the investigation of the abuse if the victim gives his or her consent. A long-term care ombudsman program and the Licensing and Certification Division of the State Department of Health Services shall immediately report by telephone and in writing within two working days to the bureau any instance of neglect occurring in a health care facility, that has seriously harmed any patient or reasonably appears to present a serious threat to the health or physical well-being of a patient in that facility. If a victim or potential victim of the neglect withholds consent to being identified in that report, the report shall contain circumstantial information about the neglect but shall not identify that victim or potential victim and the bureau and the reporting agency shall maintain the confidentiality of the report until the report becomes a matter of public record.

(e) When a county adult protective services agency, a long-term care ombudsman program, or a local law enforcement agency receives a report of abuse, neglect, or abandonment of an elder or dependent adult alleged to have occurred in a long-term care facility, that county adult protective services agency, long-term care ombudsman coordinator, or local law enforcement agency shall report the incident to the licensing agency by telephone as soon as possible.

(f) County adult protective services agencies, long-term care ombudsman programs, and local law enforcement agencies shall report the results of their investigations of referrals or reports of abuse to the respective referring or reporting agencies.

(g) This section shall become operative on January 1, 2013.

SEC. 11. Section 15655.5 of the Welfare and Institutions Code is amended to read:

15655.5. A county adult protective services agency shall provide the organizations listed in paragraphs (v), (w), and (x) of Section 15610.17, and mandated reporters of suspected financial abuse of an elder or dependent adult pursuant to Section 15630.1, with instructional materials regarding abuse and neglect of an elder or dependent adult and their obligation to report under this chapter. At a minimum, the instructional materials shall include the following:

(a) An explanation of abuse and neglect of an elder or dependent adult, as defined in this chapter.

(b) Information on how to recognize potential abuse and neglect of an elder or dependent adult.

(c) Information on how the county adult protective services agency investigates reports of known or suspected abuse and neglect.

(d) Instructions on how to report known or suspected incidents of abuse and neglect, including the appropriate telephone numbers to call and what types of information would assist the county adult protective services agency with its investigation of the report.

(e) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 12. Section 15655.5 is added to the Welfare and Institutions Code, to read:

15655.5. A county adult protective service agency shall provide the organizations listed in paragraphs (v), (w), and (x) of Section 15610.17 with instructional materials regarding elder and dependent adult abuse and neglect and their obligation to report under this chapter. At a minimum, the instructional materials shall include the following:

(a) An explanation of elder and dependent adult abuse and neglect, as defined in this chapter.

(b) Information on how to recognize potential elder and dependent adult abuse and neglect.

(c) Information on how the county adult protective service agency investigates reports of known or suspected abuse and neglect.

(d) Instructions on how to report known or suspected incidents of abuse and neglect, including the appropriate telephone numbers to call and what types of information would assist the county adult protective service agency with its investigation of the report.

(e) This section shall become operative on January 1, 2013.

SEC. 13. Sections 2, 4, 5, 7, 9, and 11 of this act, shall become operative January 1, 2007.

CHAPTER 141

An act to add Section 6434.5 to the Labor Code, relating to occupational safety and health.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 6434.5 is added to the Labor Code, to read:

6434.5. (a) Any civil or administrative penalty assessed pursuant to this chapter against a public police or city, county, or special district fire department or the California Department of Forestry and Fire Protection shall be deposited into the Workers' Compensation Administration Revolving Fund established pursuant to Section 62.5.

(b) Any public police or city, county, or special district fire department or the California Department of Forestry and Fire Protection may apply for a refund of any civil or administrative penalty assessed pursuant to this chapter, with interest, if all conditions previously cited have been abated, the department has abated any other outstanding citation, and the department has not been cited by the division for a serious violation within two years of the date of the original violation. Funds received as a result of a penalty, for which a refund is not applied for within two years and six months of the time of the original violation, shall be expended in accordance with Section 78 as follows:

(1) Funds received as a result of a civil or administrative penalty imposed on a city, county, or special district fire department or the California Department of Forestry and Fire Protection shall be allocated to the California Firefighter Joint Apprenticeship Program for the purpose of establishing and maintaining effective occupational injury and illness prevention programs.

(2) Funds received as a result of a civil or administrative penalty imposed on a police department shall be allocated to the Office of Criminal Justice Planning, or any succeeding agency, for the purpose of establishing and maintaining effective occupational injury and illness prevention programs.

(c) This section does not apply to that portion of any civil or administrative penalty that is distributed directly to an aggrieved employee or employees pursuant to the provisions of Section 2699.

CHAPTER 142

An act to amend Sections 48306 and 48308 of the Education Code, relating to school districts.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 48306 of the Education Code is amended to read:

48306. (a) A school district of choice shall give priority for attendance to siblings of children already in attendance in that district.

(b) A school district of choice may give priority for attendance to children of military personnel, if the school district elected to accept transfer pupils pursuant to Section 48301 by a resolution adopted by the governing board of the school district prior to April 1, 2005.

SEC. 2. Section 48308 of the Education Code is amended to read:

48308. (a) (1) An application requesting a transfer pursuant to this article shall be submitted by the parent or guardian of a pupil to the school district of choice that has elected to accept transfer pupils pursuant to Section 48301 prior to January 1 of the school year preceding the school year for which the pupil is requesting to be transferred. This application deadline may be waived upon agreement of the school district of residence of the pupil and the school district of choice.

(2) The application deadline specified in paragraph (1) does not apply to an application requesting a transfer if the parent or guardian of the pupil, with whom the pupil resides, is enlisted in the military and was relocated by the military within 90 days prior to submitting the application.

(b) The application may be submitted on a form provided for this purpose by the department and may request enrollment of the pupil in a specific school or program of the school district.

(c) (1) Not later than 90 days after the receipt by a school district of an application for transfer, the governing board of the school district may notify the parent or guardian in writing whether the application has been provisionally accepted or rejected or of the placement of the pupil

on a waiting list. Final acceptance or rejection shall be made by May 15 preceding the school year for which the pupil is requesting to be transferred.

(2) (A) Notwithstanding paragraph (1), the governing board of a school district shall, not later than 90 days after receipt of an application submitted according to paragraph (2) of subdivision (a), make a final acceptance or rejection of that application. A pupil may enroll in a school in the school district immediately upon his or her acceptance.

(B) If an application submitted according to paragraph (2) of subdivision (a) is submitted less than 90 days prior to the beginning of the school year for which the pupil seeks to be transferred, the governing board of the school district shall accept or deny the application prior to the commencement of the school year. A pupil may enroll in a school in the school district immediately upon his or her acceptance.

(3) If the application is accepted, the notice required by this subdivision may be provided to the school district of residence. If the application is rejected, the district governing board may set forth in the written notification to the parent or guardian the specific reason or reasons for that determination, and may ensure that the determination, and the specific reason or reasons therefor, are accurately recorded in the minutes of a regularly scheduled board meeting in which the determination was made.

(d) Final acceptance of the transfer is applicable for one school year and will be renewed automatically each year unless the school district of choice through the adoption of a resolution withdraws from participation in the program and no longer will accept any transfer pupils from other districts. However, if a school district of choice withdraws from participation in the program, high school pupils admitted under this article may continue until they graduate from high school.

CHAPTER 143

An act to amend Section 1048 of, and to add Section 1051 to, the Military and Veterans Code, and to add and repeal Article 11.5 (commencing with Section 18825) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to veterans.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 1048 of the Military and Veterans Code is amended to read:

1048. (a) The Morale, Welfare, and Recreation Fund shall include proceeds from the Veterans' Quality of Life Fund, operations of the Veterans' Home Exchange, revenue derived from the issuance of prisoner-of-war special license plates pursuant to Section 5101.5 of the Vehicle Code, all funds derived from golf course green fees and range ball fees, all donations to the fund, interest earned on invested funds, funds derived from the estates of deceased members, and any other moneys or property described in this chapter, including, but not limited to, moneys and properties received by the home from estate assets located outside the home, regardless of amount.

(b) The administrator shall prepare an itemized report that is organized by category and accounts for all funds deposited into the Morale, Welfare, and Recreation Fund and transmitted to the Controller under Section 1047 during the previous fiscal year and shall submit the report on or before August 20 of each year to all of the following:

(1) The secretary.

(2) The fiscal committees of the Assembly and the Senate.

(3) The committees of the Assembly and the Senate that have subject matter jurisdiction over veterans' affairs.

(4) The Veterans' Home Allied Council.

SEC. 2. Section 1051 is added to the Military and Veterans Code, to read:

1051. There is hereby established in the State Treasury the Veterans' Quality of Life Fund to receive those amounts transferred to the fund pursuant to Section 18826 of the Revenue and Taxation Code.

SEC. 3. Article 11.5 (commencing with Section 18825) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 11.5. Veterans' Quality of Life Fund

18825. (a) An individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the Veterans' Quality of Life Fund established by Section 1051 of the Military and Veterans Code. That designation is to be used as a voluntary contribution on the tax return.

(b) The contributions shall be in full dollar amounts and may be made individually by each signatory on a joint return.

(c) A designation shall be made for any taxable year on the initial return for that taxable year and once made is irrevocable. If payments and credits reported on the return, together with any other credits associated with the taxpayer's account, do not exceed the taxpayer's liability, the return shall be treated as though no designation has been made. If no designee is specified, the contribution shall be transferred to the General Fund after reimbursement of the direct actual costs of the Franchise Tax Board for the collection and administration of funds under this article.

(d) If an individual designates a contribution to more than one account or fund listed on the tax return, and the amount available is insufficient to satisfy the total amount designated, the contribution shall be allocated among the designees on a pro rata basis.

(e) The Franchise Tax Board shall revise the form of the return to include a space labeled the "Veterans' Quality of Life Fund" to allow for the designation permitted. The form shall also include in the instructions information that the contribution may be in the amount of one dollar ($1) or more and that the contribution shall be used for veterans' homes operations.

(f) Notwithstanding any other provision of law, a voluntary contribution designation for the Veterans' Quality of Life Fund may not be added on the tax return until another voluntary contribution designation is removed.

(g) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18826. The contributions made pursuant to Section 18825 shall be transferred for deposit in the Veterans' Quality of Life Fund established by Section 1051 of the Military and Veterans Code.

18827. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability, and the amount of refund money that taxpayers have designated, pursuant to Section 18825 to be transferred to the Veterans' Quality of Life Fund established by Section 1051 of the Military and Veterans Code. The Controller shall transfer from the Personal Income Tax Fund to the Veterans' Quality of Life Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18825 for payment into that fund.

18828. All moneys transferred to the Veterans' Quality of Life 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 Department of Veterans Affairs for allocation to the administrators of veterans' homes. Moneys allocated pursuant to this subdivision shall be distributed proportionally to the Morale, Welfare, and Recreation Fund of each veterans home pursuant to Section 1047 of the Military and Veterans Code.

(c) Appropriations from the General Fund for the funding of those purposes described in subdivision (b) may not be reduced for the purpose of, or to have the effect of, requiring increased expenditures from the Veterans' Quality of Life Fund for those described purposes.

18829. It is the intent of the Legislature that this article create an additional funding source for veterans' homes and shall be used to supplement, not supplant, other funding sources for veterans' homes.

18830. (a) This article shall remain in effect only until January 1 of the fifth taxable year following the first appearance of the Veterans' Quality of Life Fund on the tax return, and as of that date is repealed, unless a later enacted statute, that is enacted before the applicable date, deletes or extends that date.

(b) If, in the second calendar year after the first taxable year the Veterans' Quality of Life Fund appears on the tax return, 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), 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 or 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 contribution.

(c) For each calendar year, beginning with the third calendar year that the Veterans' Quality of Life Fund appears on the tax return, 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 received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 4. Notwithstanding subdivision (b) of Section 1048 of the Military and Veterans Code, the report required to be submitted to the Veterans' Home Allied Council pursuant to paragraph (4) of subdivision (b) of Section 1048 of the Military and Veterans Code for the Chula Vista Veterans Home shall instead be submitted to the Chula Vista Veterans Home Support Foundation until the establishment of a Veterans' Home Allied Council for the Chula Vista Veterans Home. After the establishment of the Veterans' Home Allied Council for the Chula Vista Veterans Home, the report required by paragraph (4) of subdivision (b) of Section 1048 of the Military and Veterans Code shall be submitted to that Veterans' Home Allied Council.

CHAPTER 144

An act to amend Section 2083 of the Business and Professions Code, relating to physicians and surgeons.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 2083 of the Business and Professions Code is amended to read:

2083. (a) Except as provided in subdivision (b), each application for a certificate shall be accompanied by the fee required by this chapter and shall be filed with the Division of Licensing.

(b) The license fee shall be waived for a physician and surgeon who certifies to the Medical Board of California that the issuance of the license or the renewal of the license is for the sole purpose of providing voluntary, unpaid service to a public agency, not-for-profit agency, institution, or corporation that provides medical services to indigent patients in medically underserved or critical-need population areas of the state.

CHAPTER 145

An act to amend Section 13385.1 of the Water Code, relating to water.

[Approved by Governor August 30, 2005. Filed with
Secretary of State August 30, 2005.]

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

SECTION 1. Section 13385.1 of the Water Code is amended to read:

13385.1. (a) (1) For the purposes of subdivision (h) of Section 13385, a "serious violation" also means a failure to file a discharge monitoring report required pursuant to Section 13383 for each complete period of 30 days following the deadline for submitting the report, if the report is designed to ensure compliance with limitations contained in waste discharge requirements that contain effluent limitations.

(2) Paragraph (1) applies only to violations that occur on or after January 1, 2004.

(b) (1) Notwithstanding any other provision of law, moneys collected pursuant to this section for a failure to timely file a report, as described in subdivision (a), shall be deposited in the Waste Discharge Permit Fund and separately accounted for in that fund.

(2) The funds described in paragraph (1) shall be expended by the state board, upon appropriation by the Legislature, to assist regional boards, and other public agencies with authority to clean up waste or abate the effects of the waste, in responding to significant water pollution problems.

(c) For the purposes of this section, paragraph (2) of subdivision (f) of Section 13385, and subdivisions (h), (i), and (j) of Section 13385 only, "effluent limitation" means a numeric or numerically expressed narrative restriction, on the quantity, discharge rate, concentration, or toxicity units of a pollutant or pollutants that may be discharged from an authorized location. An effluent limitation may be final or interim, and may be expressed as a prohibition. An effluent limitation, for those purposes, does not include a receiving water limitation, a compliance schedule, or a best management practice.

CHAPTER 146

An act to add Section 89005.7 to the Education Code, relating to the California State University.

[Approved by Governor August 30, 2005. Filed with
Secretary of State August 30, 2005.]

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

SECTION 1. Section 89005.7 is added to the Education Code, to read:

89005.7. Notwithstanding any other provision of law:

(a) Every campus of the California State University shall observe November 11, known as Veterans Day, as a holiday, and shall be closed on that day.

(b) When November 11 falls on a Sunday, the university shall observe the following Monday as the Veterans Day holiday. When November 11 falls on a Saturday, the university shall observe the preceding Friday as the Veterans Day holiday.

CHAPTER 147

An act to amend and repeal Section 8670.37.58 of the Government Code, relating to oil spills.

[Approved by Governor August 30, 2005. Filed with
Secretary of State August 30, 2005.]

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

SECTION 1. Section 8670.37.58 of the Government Code, as amended by Section 1 of Chapter 514 of the Statutes of 2002, is amended to read:

8670.37.58. (a) A nontank vessel required to have a contingency plan pursuant to this chapter shall not enter marine waters of the state unless the nontank vessel owner or operator has provided to the administrator evidence of financial responsibility that demonstrates, to the administrator's satisfaction, the ability to pay at least three hundred million dollars ($300,000,000) to cover damages caused by a spill, and the owner or operator of the nontank vessel has obtained a certificate of financial responsibility from the administrator for the nontank vessel.

(b) Notwithstanding subdivision (a), the administrator may establish a lower standard of financial responsibility for a nontank vessel that has a carrying capacity of 6,500 barrels of oil or less, or for a nontank vessel that is owned and operated by California or a federal agency and has a carrying capacity of 7,500 barrels of oil or less. The standard shall be

based upon the quantity of oil that can be carried by the nontank vessel and the risk of an oil spill into marine waters. The administrator shall not set a standard that is less than the expected cleanup costs and damages from an oil spill into marine waters.

(c) The administrator may adopt regulations to implement this section.

SEC. 2. Section 8670.37.58 of the Government Code, as amended by Section 2 of Chapter 514 of the Statutes of 2002, is repealed.

CHAPTER 148

An act to amend Sections 505.2, 11400, 11405, and 11406 of the Vehicle Code, relating to vehicles.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 505.2 of the Vehicle Code is amended to read:

505.2. (a) A "registration service" is a person engaged in the business of soliciting or receiving any application for the registration, renewal of registration, or transfer of registration or ownership, of any vehicle of a type subject to registration under this code, or of soliciting or receiving an application for a motor carrier permit under Division 14.85 (commencing with Section 34600), or of transmitting or presenting any of those documents to the department, when any compensation is solicited or received for the service. "Registration service" includes, but is not limited to, a person who, for compensation, processes registration documents, conducts lien sales, or processes vehicle dismantling documents.

(b) "Registration service" does not include any of the following:

(1) A person performing registration services on a vehicle acquired by that person for his or her own personal use or for use in the regular course of that person's business.

(2) A person who solicits applications for or sells, for compensation, nonresident permits for the operation of vehicles within this state.

(3) An employee of one or more dealers or dismantlers, or a combination thereof, who performs registration services for vehicles acquired by, consigned to, or sold by the employing dealers or dismantlers.

(4) A motor club, as defined in Section 12142 of the Insurance Code.

(5) A common carrier acting in the regular course of its business in transmitting applications.

SEC. 2. Section 11400 of the Vehicle Code is amended to read:

11400. No person shall act as a registration service, engage in the business of soliciting or receiving any application for the registration, renewal of registration, or transfer of registration or ownership of any vehicle of a type subject to registration under this code, or of soliciting or receiving an application for a motor carrier permit under Division 14.85 (commencing with Section 34600), or transmit or present any of those documents to the department, if any compensation is solicited or received for the service, without a license or temporary permit issued by the department pursuant to this chapter, or if that license or temporary permit has expired or been canceled, suspended, or revoked, or the terms and conditions of an agreement entered into pursuant to Section 11408 have not been fulfilled.

SEC. 3. Section 11405 of the Vehicle Code is amended to read:

11405. The department may refuse to issue a license to, or may suspend, revoke, or cancel the license of, a person to act as a registration service for any of the following reasons:

(a) The person has been convicted of a felony or a crime involving moral turpitude which is substantially related to the qualifications, functions, or duties of the licensed activity.

(b) The person is, or has been, the holder, or a managerial employee of the holder, of any occupational license issued by the department which has been suspended or revoked.

(c) The applicant was previously the holder of an occupational license issued by another state, authorizing the same or similar activities of a license issued under this division; and that license was revoked or suspended for cause and was never reissued, or was suspended for cause, and the terms of suspension have not been fulfilled.

(d) The person has used a false or fictitious name, knowingly made any false statement, or knowingly concealed any material fact, in the application for the license.

(e) The person has knowingly made, or acted with negligence or incompetence, or knowingly or negligently accepted or failed to inquire about any false, erroneous, or incorrect statement or information submitted to the registration service or the department in the course of the licensed activity.

(f) The person has knowingly or negligently permitted fraud, or willfully engaged in fraudulent practices, with reference to clients, vehicle registrants, applicants for motor carrier permits under Division 14.85 (commencing with Section 34600), or members of the public, or the department in the course of the licensed activity.

(g) The person has knowingly or negligently committed or was responsible for any violation, cause for license refusal, or cause for discipline under Section 20 or Division 3 (commencing with Section 4000), Division 3.5 (commencing with Section 9840), Division 4 (commencing with Section 10500), or Division 5 (commencing with Section 11100), or Division 14.85 (commencing with Section 34600), or any rules or regulations adopted under those provisions.

(h) The person has failed to obtain and maintain an established place of business in California.

(i) The person has failed to keep the business records required by Section 11406.

(j) The person has violated any term or condition of a restricted license to act as a registration service.

(k) The person has committed or was responsible for any other act, occurrence, or event in California or any foreign jurisdiction which would be cause to refuse to issue a license to, or to suspend, revoke, or cancel the license of, a person to act as a registration service.

SEC. 4. Section 11406 of the Vehicle Code is amended to read:

11406. (a) Every registration service shall keep accurate business records containing all of the following information:

(1) The name, address, and license number of the registration service and the name and address of every employee who performs registration work.

(2) The name and address of each client for whom registration work was performed.

(3) The identity of every vehicle by year, make, type, license number, and vehicle identification number on which registration work was performed.

(4) The amount of registration fees or payments collected for each vehicle on which registration work was performed, including the method of payment to the registration service.

(5) The amount of registration fees or payments submitted to the department for each vehicle on which registration work was performed, including the date and method of payment to the department.

(6) The amount of any refunds or additional charges on registration fees or payments collected for each vehicle on which registration work was performed, including the date and method of payment of the refund or additional charge by or to the client, the registration service, or the department.

(7) The name, signature, or initials of each employee performing work on each transaction and the date the work was done.

(8) The cost to each client for the registration work performed on each of the client's vehicles or to obtain a motor carrier permit.

(9) For each motor carrier for which motor carrier permit work was performed, the carrier identification number, business type, business address, carrier type, activities, and number of vehicles.

(10) For each motor carrier for which motor carrier permit work was performed, the amount of fees or payment collected and the method of payment.

(11) For each motor carrier for which motor carrier permit work was performed, the amount of fees or payment submitted to the department, including the date submitted and the method of payment to the department.

(b) As an alternative to maintaining the records required by paragraphs (1) to (11), inclusive, of subdivision (a), a registration service may retain a copy of the listing sheet approved by the department for transmitting registration or motor carrier permit documents to the department.

(c) Every registration service shall provide each customer with a document containing all of the information required by subdivision (a) relative to that customer's transaction, excluding paragraph (7) and excluding the addresses of employees and other customers' names and addresses. This requirement does not apply to transactions for customers of a dealer or dismantler.

(d) Every registration service shall display prominently at its place of business a sign indicating that the service is not a branch of the department and shall inform each customer of that fact.

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.

CHAPTER 149

An act to amend Sections 213 and 515.5 of the Labor Code, relating to employment.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 213 of the Labor Code is amended to read:

213. Nothing contained in Section 212 shall:

(a) Prohibit an employer from guaranteeing the payment of bills incurred by an employee for the necessaries of life or for the tools and implements used by the employee in the performance of his or her duties.

(b) Apply to counties, municipal corporations, quasi-municipal corporations, or school districts.

(c) Apply to students of nonprofit schools, colleges, universities, and other nonprofit educational institutions.

(d) Prohibit an employer from depositing wages due or to become due or an advance on wages to be earned in an account in any bank, savings and loan association, or credit union of the employee's choice with a place of business located in this state, provided that the employee has voluntarily authorized that deposit. If an employer discharges an employee or the employee quits, the employer may pay the wages earned and unpaid at the time the employee is discharged or quits by making a deposit authorized pursuant to this subdivision, provided that the employer complies with the provisions of this article relating to the payment of wages upon termination or quitting of employment.

SEC. 2. Section 515.5 of the Labor Code is amended to read:

515.5. (a) Except as provided in subdivision (b), an employee in the computer software field shall be exempt from the requirement that an overtime rate of compensation be paid pursuant to Section 510 if all of the following apply:

(1) The employee is primarily engaged in work that is intellectual or creative and that requires the exercise of discretion and independent judgment.

(2) The employee is primarily engaged in duties that consist of one or more of the following:

(A) The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software, or system functional specifications.

(B) The design, development, documentation, analysis, creation, testing, or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications.

(C) The documentation, testing, creation, or modification of computer programs related to the design of software or hardware for computer operating systems.

(3) The employee is highly skilled and is proficient in the theoretical and practical application of highly specialized information to computer

systems analysis, programming, and software engineering. A job title shall not be determinative of the applicability of this exemption.

(4) The employee's hourly rate of pay is not less than forty-one dollars ($41.00), or the annualized full-time salary equivalent of that rate, provided that all other requirements of this section are met and that in each workweek the employee receives not less than forty-one dollars ($41.00) per hour worked. The Division of Labor Statistics and Research shall adjust this pay rate on October 1 of each year to be effective on January 1 of the following year by an amount equal to the percentage increase in the California Consumer Price Index for Urban Wage Earners and Clerical Workers.

(b) The exemption provided in subdivision (a) does not apply to an employee if any of the following apply:

(1) The employee is a trainee or employee in an entry-level position who is learning to become proficient in the theoretical and practical application of highly specialized information to computer systems analysis, programming, and software engineering.

(2) The employee is in a computer-related occupation but has not attained the level of skill and expertise necessary to work independently and without close supervision.

(3) The employee is engaged in the operation of computers or in the manufacture, repair, or maintenance of computer hardware and related equipment.

(4) The employee is an engineer, drafter, machinist, or other professional whose work is highly dependent upon or facilitated by the use of computers and computer software programs and who is skilled in computer-aided design software, including CAD/CAM, but who is not in a computer systems analysis or programming occupation.

(5) The employee is a writer engaged in writing material, including box labels, product descriptions, documentation, promotional material, setup and installation instructions, and other similar written information, either for print or for onscreen media or who writes or provides content material intended to be read by customers, subscribers, or visitors to computer-related media such as the World Wide Web or CD-ROMs.

(6) The employee is engaged in any of the activities set forth in subdivision (a) for the purpose of creating imagery for effects used in the motion picture, television, or theatrical industry.

CHAPTER 150

An act to amend Sections 125000, 125001, 125002, 125050, 125052, 125105, 125200, 125201, 125202, 125220, 125222, 125226, 125227,

125240, 125241, 125260, 125350, 125351, 125352, 125400, 125522, 125524, 125525, 125526, 125527, 125540, 125541, 125550, 125551, 125552, 125560, 125561, 125600, 125700, 125701, 125702, 125703, 125705, 125707, 125708, 125709, 125710, 125711, 125712, 125713, 125714, 125715, and 125716 of, and to amend the heading of Division 11.5 (commencing with Section 125000) of, to add Sections 125450, and 125500 to, and to repeal Sections 125300 and 125301 of, the Public Utilities Code, relating to transportation.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. The heading of Division 11.5 (commencing with Section 125000) of the Public Utilities Code is amended to read:

DIVISION 11.5. NORTH COUNTY TRANSIT DISTRICT

SEC. 2. Section 125000 of the Public Utilities Code is amended to read:

125000. This part shall be known and may be cited as the "North County Transit District Act."

SEC. 3. Section 125001 of the Public Utilities Code is amended to read:

125001. As used in this division, "district" means the North County Transit District.

SEC. 4. Section 125002 of the Public Utilities Code is amended to read:

125002. It is the intent of the Legislature to improve existing public transportation coordination. The Legislature recognizes that in order to achieve a unified, coordinated public transportation system within the San Diego region, it may be necessary to form a regionwide transit district at some future time. It is the intent of the Legislature that the North County Transit District shall reserve the right to join and merge with such a regionwide district at such time as it is deemed mutually beneficial by the board and the region as a whole.

SEC. 5. Section 125050 of the Public Utilities Code is amended to read:

125050. There is hereby created, in that portion of the County of San Diego as described in Section 125052, the North County Transit District. The district shall be governed by a board of directors. As used in this

division, "board" means the board of directors of the district. The board shall consist of members selected as follows:

(a) One member of the San Diego County Board of Supervisors appointed by the board of supervisors, which member shall represent, on the board of supervisors, the largest portion of the area under the jurisdiction of the district.

(b) One member of each of the City Councils of the Cities of Carlsbad, Del Mar, Encinitas, Escondido, Oceanside, San Marcos, Solana Beach, and Vista, and each new city that incorporates within the district boundaries, appointed by the respective city council.

SEC. 6. Section 125052 of the Public Utilities Code is amended to read:

125052. The area of jurisdiction of the board shall consist of the following areas:

(a) The Cities of Carlsbad, Del Mar, Encinitas, Escondido, Oceanside, San Marcos, Solana Beach, and Vista and each new city that incorporates within the district boundaries.

(b) Camp Joseph H. Pendleton.

(c) The unincorporated areas of San Diego County lying within census tracts: 170.04 (but excluding that portion lying east of the eastern boundary of the City of San Diego), 171.00, 173.00, 174.01, 174.02, 175.00, 176.00, 177.00, 178.02, 185.02, 185.03, 186.01, 186.02, 188.00, 189.01, 189.02, 190.00, 191.01, 191.02, 192.01, 192.02, 193.00, 194.00, 196.00, 197.00, 198.00, 199.00, 200.01, 200.02, 200.03, 201.01, 201.02, 202.03, 202.05, 203.00, 204.00, 206.02, 207.01, 207.02, and 208.00, as set forth in the 1970 decennial census maps for the State of California on file with the Bureau of the Census, Department of Commerce, Washington, D.C.

SEC. 7. Section 125105 of the Public Utilities Code is amended to read:

125105. The board shall:

(a) Acquire, construct, maintain, and operate (or let a contract to operate) public transit systems and related facilities.

(b) Adopt an annual budget and fix the compensation of the district's officers and employees.

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

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

(e) Appoint advisory commissions as it deems necessary.

(f) Do any and all things necessary to carry out the purposes of this division, including, but not limited to, adopting all ordinances and making all rules and regulations proper or necessary to regulate the use, operation, and maintenance of the district's property and facilities, including its public transit systems and related transportation facilities and services operating within its area of jurisdiction and those areas beyond its jurisdiction served by the district pursuant to contract or memorandum of agreement with another transit agency, and to carry into effect the powers granted to the district.

SEC. 8. Section 125200 of the Public Utilities Code is amended to read:

125200. The district has perpetual succession and may adopt a seal and alter it at its pleasure.

SEC. 9. Section 125201 of the Public Utilities Code is amended to read:

125201. 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.

SEC. 10. Section 125202 of the Public Utilities Code is amended to read:

125202. 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 therein, or by other statutes or regulations expressly applicable thereto.

SEC. 12. Section 125220 of the Public Utilities Code is amended to read:

125220. The district may make contracts and enter into stipulations of any nature whatsoever, either in connection with eminent domain proceedings or otherwise, including, but not limited to, contracts and stipulations to indemnify and save harmless, to employ labor, to contract with a private patrol operator licensed pursuant to Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code, the county sheriff and municipal police departments within the areas described in Section 125052, and other transit development boards for security, police, and related services, and to do all acts necessary and convenient for the full exercise of the powers granted in this division.

SEC. 13. Section 125222 of the Public Utilities Code is amended to read:

125222. The district may contract with any department or agency of the United States of America, with any public agency, or with any person upon such terms and conditions as the district finds is in its best interest.

SEC. 14. Section 125226 of the Public Utilities Code is amended to read:

125226. The district may insure against any accident or destruction of the system or any part thereof. 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.

SEC. 15. Section 125227 of the Public Utilities Code is amended to read:

125227. The district may contract for the services of independent contractors.

SEC. 16. Section 125240 of the Public Utilities Code is amended to read:

125240. 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 and personal property of every kind within or without its area of jurisdiction necessary to the full or convenient exercise of its powers. The district may lease, mortgage, sell, or otherwise dispose of any real or personal property within or without its area of jurisdiction necessary to the full or convenient exercise of its powers.

SEC. 17. Section 125241 of the Public Utilities Code is amended to read:

125241. The district is entitled to the benefit of any reservation or grant, in all cases, where any right has been reserved or granted to any public agency to construct or maintain roads, highways, or other crossings over any public or private lands.

SEC. 18. Section 125260 of the Public Utilities Code is amended to read:

125260. The district shall plan, construct, and operate (or let a contract to operate) public transit systems in conformance with, and to the extent provided for in, the San Diego Regional Transportation Consolidation Act (Chapter 3 (commencing with Section 132350) of Division 12.7).

SEC. 19. Section 125300 of the Public Utilities Code is repealed.

SEC. 20. Section 125301 of the Public Utilities Code is repealed.

SEC. 21. Section 125350 of the Public Utilities Code is amended to read:

125350. The district shall be deemed a provider of services within the area of its jurisdiction for purposes of Section 1604 of Title 49 of the United States Code.

SEC. 22. Section 125351 of the Public Utilities Code is amended to read:

125351. The district shall take all action necessary to obtain the maximum amount of funding available pursuant to Section 1602 of Title 49 of the United States Code.

SEC. 23. Section 125352 of the Public Utilities Code is amended to read:

125352. It is the intent of this section that the district shall file application for funds for public transportation in conformity with, and subject to the limitations set forth in, the San Diego Regional Transportation Consolidation Act (Chapter 3 (commencing with Section 132350) of Division 12.7) under Chapter 4 (commencing with Section 99200) of Part 11 of Division 10.

SEC. 24. Section 125400 of the Public Utilities Code is amended to read:

125400. The district may accept contributions, grants, or loans from any public agency or the United States or any department, instrumentality, or agency thereof, for the purpose of financing the planning, acquisition, construction, or operation of public transit systems, and may enter into contracts and cooperate with, and accept cooperation from, any public agency or the United States, or agency thereof, in the planning, acquisition, construction, or operation of those systems in accordance with any legislation that Congress or the Legislature may have heretofore adopted or may hereafter adopt, under which aid, assistance, and cooperation may be furnished by the United States or any public agency in the planning, acquisition, construction, or operation of those systems. The district may do any and all things necessary in order to avail itself of that aid, assistance, and cooperation under any federal or state legislation now or hereafter enacted.

SEC. 25. Section 125450 is added to the Public Utilities Code, to read:

125450. A violation of any ordinance, rule, or regulation enacted by the board relating to the nonpayment of a fare in any transit facility owned or controlled by the district shall be an infraction punishable by a fine not exceeding seventy-five dollars ($75), except that a violation by a person, after the second conviction under this section, shall be a misdemeanor punishable by a fine not exceeding five hundred dollars ($500) or by imprisonment in a county jail not exceeding six months, or by both that fine and imprisonment.

SEC. 26. Section 125500 is added to the Public Utilities Code, to read:

125500. This chapter shall become operative on the date the district first begins to operate a public transit system pursuant to Section 125105.

SEC. 27. Section 125522 of the Public Utilities Code is amended to read:

125522. 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, as provided in Section 125521, that the labor organization represents at least a majority of the employees in the appropriate unit, the district 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, pensions, and working conditions.

SEC. 28. Section 125524 of the Public Utilities Code is amended to read:

125524. If, after a reasonable period of time, representatives of the district and the accredited representatives of the employees fail to reach agreement on the terms of a written contract governing wages, hours, pensions, and working conditions or the interpretation or application of the terms of an existing contract, either party may request mediation services of the State Conciliation Service.

SEC. 29. Section 125525 of the Public Utilities Code is amended to read:

125525. 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, pensions, and working conditions 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.

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 the list so supplied, and the name remaining after the labor organization and the district have stricken four names, shall be designated as the fifth arbitrator and the chair 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.

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.

SEC. 30. Section 125526 of the Public Utilities Code is amended to read:

125526. If the district and the representatives of the employees do not agree to submit any dispute to arbitration as provided in Section 125525, the State Conciliation Service may be notified by either party that a dispute exists and there is no agreement to arbitrate.

Following that notification, the State Conciliation Service shall determine whether or not the dispute may be resolved by the parties and, if not, the issues concerning which the dispute exists. Upon that determination, the service shall certify its findings to the Governor. The Governor shall, within 10 days of receipt of certification, appoint a factfinding commission consisting of three persons.

The commission shall immediately convene and inquire into and investigate the issues in the dispute. The commission shall have authority to issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the production of books, documents, and other records. Subpoenas shall be served and enforced in accordance with Chapter 2 (commencing with Section 1985) of Title 3 of Part 4 of the Code of Civil Procedure. The commission shall report to the Governor within 30 days of the date of its creation.

After the creation of the commission, and for 30 days after the commission has made its report to the Governor, no change, except by mutual agreement, shall be made by the parties to the controversy in the conditions out of which the dispute arose, and service to the public shall be provided.

SEC. 31. Section 125527 of the Public Utilities Code is amended to read:

125527. If an exclusive collective-bargaining representative is selected pursuant to Section 125521, the provisions of Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code are not applicable to the district.

SEC. 32. Section 125540 of the Public Utilities Code is amended to read:

125540. 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 by the board 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.

Whenever the district acquires existing facilities from a publicly or privately owned utility, either in proceedings in eminent domain or otherwise, the district shall assume and observe all existing labor contracts.

The provisions of this section shall apply only to those officers or supervisory employees of the acquired utility as shall be designated by the district.

SEC. 33. Section 125541 of the Public Utilities Code is amended to read:

125541. 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 that pension plan shall continue to have the rights, privileges, benefits, obligations and status with respect to that established system. The outstanding obligations and liabilities of that public utility by reason of that pension plan shall be considered and taken into account and allowance made therefor in the purchase price of that public utility. The persons entitled to pension benefits as provided for in this section and the benefits which are provided shall be specified in the agreement or order by which any public utility is acquired by the district.

SEC. 34. Section 125550 of the Public Utilities Code is amended to read:

125550. (a) The adoption, terms, and conditions of a pension plan covering employees of the district in a bargaining unit represented by a labor organization shall be pursuant to a collective bargaining agreement between that organization and the district and shall be subject to this section.

(b) The pension plan and the funds of the plan shall be managed and administered by a retirement board composed of equal representation of labor and management. Any deadlock among the members of the board with respect to that management and administration shall be resolved in the manner specified in Section 302 of the federal Labor Management Relations Act, 1947 (29 U.S.C. Sec. 186(c)(5)).

(c) The duties and responsibilities of the retirement board shall be executed in accordance with Section 17 of Article XVI of the California Constitution.

(d) This section does not apply if the district has, pursuant to a collective bargaining agreement, provided membership for the district's represented employees in the Public Employees' Retirement System, a retirement system established pursuant to the County Employees Retirement Law of 1937, or a pension trust subject to the Employee Retirement Income Security Act of 1974 (29 U.S.C. Sec. 1001 et seq.).

SEC. 35. Section 125551 of the Public Utilities Code is amended to read:

125551. The district may contract with the Board of Administration of the Public Employees' Retirement System, and in that case the board of administration shall enter into a contract with the district, to enter all, or any portion, of the employees of the district under that system; provided, that no employees of the district in a bargaining unit that is represented by a labor organization shall be included in the contract except as authorized by a collective-bargaining agreement.

SEC. 36. Section 125552 of the Public Utilities Code is amended to read:

125552. 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.

SEC. 37. Section 125560 of the Public Utilities Code is amended to read:

125560. The district shall take such steps as may be necessary to obtain coverage for the board and its employees under Subchapter II of the Federal Social Security Act, as amended, and the related provisions of the Federal Contributions Act, as amended.

SEC. 38. Section 125561 of the Public Utilities Code is amended to read:

125561. The district shall take such steps as may be necessary to obtain coverage for the board and its employees under the workers' compensation, unemployment compensation, and disability and unemployment insurance laws of the State of California.

SEC. 39. Section 125600 of the Public Utilities Code is amended to read:

125600. The district may establish and maintain a police force. Those employees of the district appointed by the executive director to the police force and who are duly sworn are peace officers, subject to Section 830.33 of the Penal Code. The district shall comply with the standards for recruitment and training of peace officers established by the Commission on Peace Officer Standards and Training pursuant to Title 4 (commencing with Section 13500) of Part 4 of the Penal Code.

SEC. 40. Section 125700 of the Public Utilities Code is amended to read:

125700. 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), and all of the provisions of that law are applicable to the district.

SEC. 41. Section 125701 of the Public Utilities Code is amended to read:

125701. 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, for all purposes of this chapter, includes the transit system or any or all 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 transit facilities authorized to be acquired, constructed, or completed by the district or for transit equipment described in Section 125702 authorized to be acquired by the district or, in the alternative, the district may issue revenue bonds under the Revenue Bond Law of 1941 for the acquisition, construction, and completion of any one of those transit facilities or for transit equipment described in Section 125702 authorized to be acquired by the district.

Nothing in this chapter prohibits the district from availing itself of, or making use of, any procedure provided in this chapter for the issuance of bonds of any type or character for any of the transit facilities authorized hereunder, and all proceedings may be carried on simultaneously or, in the alternative, as the district may determine.

SEC. 42. Section 125702 of the Public Utilities Code is amended to read:

125702. The district may purchase transit equipment such as cars, trolley buses, motorbuses, light rail vehicles, or rolling equipment, and may execute agreements, leases, and equipment trust certificates in the forms customarily used by private corporations engaged in the transit business appropriate to effect the purchase and leasing of transit equipment, and may dispose of the equipment trust certificates upon the terms and conditions that the district may deem appropriate.

Payment for transit equipment, or rentals therefor, may be made in installments, and the deferred installments may be evidenced by equipment trust certificates that are or will be legally available to the district. Title to the equipment may not vest in the district until the equipment trust certificates are paid.

SEC. 43. Section 125703 of the Public Utilities Code is amended to read:

125703. The agreement to purchase or lease transit equipment may direct the vendor or lessor to sell and assign or lease the transit 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 transit equipment to one or more designated officers of the district and may authorize the district to simultaneously therewith execute and deliver an installment purchase agreement or a lease of that equipment to the district.

SEC. 44. Section 125705 of the Public Utilities Code is amended to read:

125705. The covenants, conditions, and provisions of the agreements, leases, and equipment trust certificates may not conflict with any trust agreement or similar document securing the payment of bonds, notes, or certificates of the district.

SEC. 45. Section 125707 of the Public Utilities Code is amended to read:

125707. The Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code), the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code), and the Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code), are applicable to the district.

SEC. 46. Section 125708 of the Public Utilities Code is amended to read:

125708. Chapter 1 (commencing with Section 99000) of Part 11 of Division 10 is applicable to the district.

SEC. 47. Section 125709 of the Public Utilities Code is amended to read:

125709. The district shall be considered a "local agency," as defined in subdivision (h) of Section 53317 of the Government Code, and the provisions of Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code are applicable to the district.

SEC. 48. Section 125710 of the Public Utilities Code is amended to read:

125710. The district shall be considered to be a "local agency" as defined in subdivision (f) of Section 6585 of the Government Code, and Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code is applicable to the district.

SEC. 49. Section 125711 of the Public Utilities Code is amended to read:

125711. The district may borrow money in accordance with Article 7 (commencing with Section 53820), Article 7.6 (commencing with

Section 53850), or Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

SEC. 50. Section 125712 of the Public Utilities Code is amended to read:

125712. The district may borrow money in anticipation of the sale of bonds that have been authorized to be issued, but that have not been sold and delivered, and may issue negotiable bond anticipation notes therefor, and may renew the bond anticipation notes from time to time, but the maximum maturity of any bond application notes, including the renewals thereof, may not exceed five years from the date of delivery of the original bond anticipation notes.

The bond anticipation notes may be paid from any money of the district available therefor and not otherwise pledged. If not previously otherwise paid, the bond anticipation 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 bond anticipation notes may not be issued in any amount in excess of the aggregate amount of bonds that the district has not been authorized to issue, less the amount of any bonds of the authorized issue previously sold, and also less the amount of other bond anticipation notes therefor issued and then outstanding.

The bond anticipation notes shall be issued and sold in the same manner as the bonds. The bond anticipation notes and the resolution or resolutions authorizing them may contain any provisions, conditions, or limitations that a resolution of the board of the district authorizing the issuance of bonds may contain.

SEC. 51. Section 125713 of the Public Utilities Code is amended to read:

125713. The district may issue negotiable promissory notes pursuant to this section to acquire funds for any district purposes. The maturity of the promissory notes may not be later than five years from the date thereof. Those notes shall bear interest at a rate not to exceed 12 percent per year. Those notes shall be payable from any source of revenue available to the district.

SEC. 52. Section 125714 of the Public Utilities Code is amended to read:

125714. 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.

SEC. 53. Section 125715 of the Public Utilities Code is amended to read:

125715. All bonds and other evidences of indebtedness issued by the district under this chapter, and the interest thereon, are free and

exempt from all taxation within the state, except for transfer, franchise, inheritance, and estate taxes.

SEC. 54. Section 125716 of the Public Utilities Code is amended to read:

125716. Notwithstanding any other provisions of this division or of 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 any and all evidences of indebtedness or liability 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 are 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 in this division or in any other law relieves 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, that territory 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 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 the revenue-producing improvements, works, facilities, or property and it shall, in any 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.

SEC. 55. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes

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

CHAPTER 151

An act to amend Section 19771 of the Government Code, relating to public employment.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 19771 of the Government Code is amended to read:

19771. (a) Upon presentation of a copy of orders for active duty in the Armed Forces, the National Guard, or the Naval Militia, the appointing power shall grant a military leave of absence for the period of active duty specified in the orders, but not to exceed five years for a permanent, probationary, or exempt employee, or for the remainder of a limited-term employee's appointment or a temporary employee's appointment.

(b) 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.

CHAPTER 152

An act to amend Sections 605, 634.5, 682, 684, 708, 708.5, 828, 1025, 1222, 1256.3, 1451, 2051, 2061, 2781, 3254.5, 9003, 9604, 9605, 9608, 9615, 9616.1, 10212.2, 11000, 11001, 11002, 11003, 11004, 13002, 13021, 15001, and 15005 of, to amend and renumber Sections 1256.5 and 1256.7 of, to repeal Sections 301.5, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 9106, 10521, 10523, 10524, 10525, and 10527 of, to repeal Article 8.5 (commencing with Section 1150) of Chapter 4 of Part 1 of Division 1 of, to repeal Chapter 3 (commencing with Section 10000) and Chapter 6 (commencing with Section 11010) of Part 1 of Division

3 of, and to repeal Division 2 (commencing with Section 5000) and Division 4 (commencing with Section 12000) of, the Unemployment Insurance Code, relating to unemployment compensation.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 301.5 of the Unemployment Insurance Code is repealed.

SEC. 2. Section 605 of the Unemployment Insurance Code is amended to read:

605. (a) Except as provided by Section 634.5, "employment" for the purposes of this part and Parts 3 (commencing with Section 3501) and 4 (commencing with Section 4001) includes all service performed by an individual (including blind and otherwise disabled individuals) for any public entity or Indian tribe, if the service is excluded from "employment" under the federal Unemployment Tax Act solely by reason of paragraph (7) of Section 3306(c) of that act.

(b) For purposes of this section:

(1) "Public entity" means the State of California (including the Trustees of the California State University and Colleges, and the California Industries for the Blind), any instrumentality of this state (including the Regents of the University of California), any political subdivision of this state or any of its instrumentalities, a county, city, district (including the governing board of any school district or community college district, any county board of education, any county superintendent of schools, or any personnel commission of a school district or community college district that has a merit system pursuant to any provision of the Education Code), entities conducting fairs as identified in Sections 19418 to 19418.3, inclusive, of the Business and Professions Code, any public authority, public agency, or public corporation of this state, any instrumentality of more than one of the foregoing, and any instrumentality of any of the foregoing and one or more other states or political subdivisions.

(2) "Indian tribe" means any Indian tribe described by subsection (u) of Section 3306 of Title 26 of the United States Code.

SEC. 3. Section 634.5 of the Unemployment Insurance Code is amended to read:

634.5. Notwithstanding any other provision of law, no provision excluding service from "employment" shall apply to any entity defined by Section 605 or to any nonprofit organization described by Section

608, except as provided by this section. With respect to any entity defined by Section 605 or any nonprofit organization described by Section 608, "employment" does not include service excluded under Sections 629, 631, 635, and 639 to 648, inclusive, or service performed in any of the following:

(a) In the employ of either of the following:

(1) A church or convention or association of churches.

(2) An organization which is operated primarily for religious purposes and which is operated, supervised, controlled, or principally supported by a church or convention or association of churches.

(b) By a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry or by a member of a religious order in the exercise of duties required by the order.

(c) In the employ of any entity defined by Section 605, if the service is performed by an individual in the exercise of his or her duties as any of the following:

(1) An elected official.

(2) A member of a legislative body or a member of the judiciary of a state or a political subdivision of a state.

(3) A member of the tribal council of an Indian tribe as described by subsection (u) of Section 3306 of Title 26 of the United States Code.

(4) A member of a State National Guard or Air National Guard.

(5) An employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency.

(6) An employee in a position that, under or pursuant to state or tribal law, is designated as either of the following:

(A) A major nontenured policymaking or advisory position.

(B) A policymaking or advisory position, the performance of the duties of which ordinarily does not require more than eight hours per week.

(7) (A) Except as otherwise provided in subparagraph (B), an election official or election worker if the amount of remuneration reasonably expected to be received by the individual during the calendar year for services as an election official or election worker is less than one thousand dollars ($1,000).

(B) This paragraph shall not take effect unless and until the service is excluded from service to which paragraph (1) of subdivision (a) of Section 3309 of Title 26 of the United States Code applies by reason of exemption under subdivision (b) of Section 3309 of that act.

(d) By an individual receiving rehabilitation or remunerative work in a facility conducted for the purpose of carrying out a program of either:

(1) Rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury.

(2) Providing remunerative work for individuals who because of their impaired physical or mental capacity cannot be readily absorbed in the competitive labor market.

(e) By an individual receiving work relief or work training as part of an unemployment work relief or work training program assisted or financed in whole or in part by any of the following:

(1) A federal agency.

(2) An agency of a state or a political subdivision thereof.

(3) An Indian tribe, as described by subsection (u) of Section 3306 of Title 26 of the United States Code.

(f) By a ward or an inmate of a custodial or penal institution pursuant to Article 1 (commencing with Section 2700), Article 4 (commencing with Section 2760), and Article 5 (commencing with Section 2780) of Chapter 5 of, and Article 1 (commencing with Section 2800) of Chapter 6 of, Title 1 of Part 3 of the Penal Code, Section 4649 and Chapter 1 (commencing with Section 4951) of Part 4 of Division 4 of the Public Resources Code, and Sections 883, 884, and 1768 of the Welfare and Institutions Code.

(g) By an individual under the age of 18 years in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution.

(h) By an individual in the sale of newspapers or magazines to ultimate consumers, under an arrangement that includes the following conditions:

(1) The newspapers or magazines are to be sold by the individual at a fixed price.

(2) The individual's compensation is based on retention of the excess of the price over the amount at which the newspapers or magazines are charged to the individual, whether or not he or she is guaranteed a minimum amount of compensation for the service or is entitled to be credited with the unsold newspapers or magazines that he or she returns.

(i) (1) Except as otherwise provided in paragraph (2), as a substitute employee whose employment does not increase the size of the employer's normal workforce, whose employment is required by law, and whose employment as a substitute employee does not occur on more than 60 days during the base period.

(2) This subdivision shall not take effect unless and until the United States Secretary of Labor, or his or her designee, finds that this subdivision is in conformity with federal requirements.

(j) As a participant in a national service program carried out using assistance provided under Section 12571 of Title 42 of the United States Code.

SEC. 4. Section 682 of the Unemployment Insurance Code is amended to read:

682. (a) "Employer" also means any employing unit which employs individuals to perform domestic service in a private home, local college club, or local chapter of a college fraternity or sorority and pays wages in cash of one thousand dollars ($1,000) or more for such service during any calendar quarter in the calendar year or the preceding calendar year.

(b) Any employing unit which qualifies as an employer under this section shall not be treated as an employer with respect to wages paid for any service other than domestic service specified by this section unless such employing unit also qualifies as an employer with respect to such other service under Section 675, 676, 677, or 678.

SEC. 5. Section 684 of the Unemployment Insurance Code is amended to read:

684. (a) Solely for the purposes of Part 2 (commencing with Section 2601) of this division, "employer" also means any employing unit which employs individuals to perform domestic service in a private home, local college club, or local chapter of a college fraternity or sorority and pays wages in cash of seven hundred fifty dollars ($750) or more to individuals employed in such service during any calendar quarter in the calendar year or the preceding calendar year.

(b) Any employing unit which qualifies as an employer under this section shall not be treated as an employer with respect to wages paid for any service other than domestic service specified by this section unless such employing unit also qualifies as an employer with respect to such other service under Section 675, 676, 677, or 678.

SEC. 6. Section 708 of the Unemployment Insurance Code is amended to read:

708. (a) Any individual who is an employer under this division or any two or more individuals who have so qualified may file with the director a written election that their services shall be deemed to be services performed by individuals in employment for an employer for all the purposes of this division. Upon the approval of the election by the director, the services of those individuals shall be deemed to constitute employment for an employer for all of the purposes of this division. Regardless of their actual earnings, for the purposes of computing benefit rights and contributions under this division, they shall be deemed to have received the following remuneration for each calendar quarter:

(1) For purposes of unemployment insurance, the highest amount of wages required to be entitled to the maximum benefit amount provided in Section 1280.

(2) For purposes of disability insurance, the highest amount of wages required to be entitled to the maximum benefit amount provided in Section 2655.

(A) For disability insurance contributions on or after July 1, 1994, the quarterly contribution shall be the product of one-fourth of the amount of net profit, but not less than one thousand one hundred fifty dollars ($1,150) except when subparagraph (B) applies, reported on or before April 15 of the preceding year as declared on the Internal Revenue Service Schedule SE filed by an individual who is an employer under this division and the contribution rate established pursuant to Section 984.5, except as provided by Section 985. On January 1, 1995, quarterly income credits for the period from July 1, 1993, to June 30, 1994, inclusive, shall be changed to one-fourth of the amount of the net profit or four thousand six hundred dollars ($4,600), whichever is greater, reported on or before April 15, 1993, as declared on the Internal Revenue Service Schedule SE for the 1992 taxable year filed by each individual having an elective coverage agreement in effect for that period or any portion thereof. If no Internal Revenue Service Schedule SE was filed, the individual shall be assigned a quarterly income credit of one thousand one hundred fifty dollars ($1,150). Quarterly income credits for this period shall not exceed seven thousand nine hundred forty-two dollars ($7,942). If any quarterly income credit for the period from July 1, 1993, to June 30, 1994, inclusive, was reduced prior to January 1, 1995, the amended income credit shall be reduced proportionately. Benefits payable for periods of disability commencing on or after January 1, 1995, shall be based on Section 2655. For purposes of this division, income credits shall be included in the term "wages."

(B) The self-employed individual shall not pay contributions for periods of any disability, including periods for which some services are performed while disabled. The self-employed individual shall file a quarterly report of wages and certify as to the period of disability in order to maintain eligibility for elective disability insurance coverage and benefits. During periods of disability, the self-employed individual shall reduce his or her quarterly contributions by dividing the quarterly contribution amount by 91 to compute the daily contribution amount, and the daily contribution amount shall be multiplied by the number of days disabled to compute the amount by which the quarterly contributions shall be reduced. The department shall reduce income credits utilizing the same calculation method.

(b) Any individual who is an employer under this division or any two or more individuals who have so qualified may file with the director a written election that their services shall be deemed to be services performed by individuals in employment for an employer for the purposes of Part 2 (commencing with Section 2601) only. Upon the approval of the election by the director, the services of those individuals shall be deemed to constitute employment for an employer for the purposes of

Part 2 (commencing with Section 2601) only. Regardless of their actual earnings, for the purposes of computing disability benefit rights and worker contributions, they shall be deemed to have received remuneration for each calendar quarter the highest amount of wages required to be entitled to the maximum benefit award provided in Section 2655. For contributions on or after July 1, 1994, the quarterly contribution shall be the product of one-fourth of the amount of net profit, but not less than one thousand one hundred fifty dollars ($1,150), except when subparagraph (B) of paragraph (2) of subdivision (a) applies, reported on or before April 15 of the preceding year as declared on the Internal Revenue Service Schedule SE filed by an individual who is an employer under this division and the contribution rate established pursuant to Section 984.5, except as provided by Section 985. The quarterly contribution shall be reduced as set forth in subparagraph (B) of paragraph (2) of subdivision (a) if a disability occurred during the quarter for which payment is being made. On January 1, 1995, quarterly income credits for the period from July 1, 1993, to June 30, 1994, inclusive, shall be changed to one-fourth of the amount of the net profit or four thousand six hundred dollars ($4,600), whichever is greater, reported on or before April 15, 1993, as declared on the Internal Revenue Service Schedule SE for the 1992 taxable year filed by each individual having an elective coverage agreement in effect for that period or any portion thereof. If no Internal Revenue Service Schedule SE was filed, the individual shall be assigned a quarterly income credit of one thousand one hundred fifty dollars ($1,150). Quarterly income credits for this period shall not exceed seven thousand nine hundred forty-two dollars ($7,942). If quarterly income credits were reduced prior to January 1, 1995, the amended income credits shall be reduced proportionately. Benefits payable for periods of disability commencing on or after January 1, 1995, shall be based on Section 2655. For purposes of this division, income credits shall be included in the term "wages."

(c) (1) Any individual applying for or continuing elective coverage under this section shall be requested to sign an annual statement authorizing the department to verify the net profit declared on his or her Internal Revenue Service Schedule SE. Failure of the individual to sign a statement authorizing the department to verify income shall result in the individual being assigned an annual income level of four thousand six hundred dollars ($4,600) for contribution and benefit purposes.

(2) Any individual applying for elective coverage shall submit a copy of his or her Internal Revenue Service Schedule SE filed on or before April 15 of the preceding year with his or her application for elective coverage in order to establish first-year contributions and benefits in excess of the minimum required to qualify for elective coverage.

(d) Any self-employed individual continuing elective coverage who fails to file an Internal Revenue Service Schedule SE by April 15 of each calendar year is required to remit contributions based upon the last year the self-employed individual filed an Internal Revenue Service Schedule SE.

(e) Any self-employed individual who has not yet filed an Internal Revenue Service Schedule SE shall be assigned an annual income level of four thousand six hundred dollars ($4,600) for contribution and benefit purposes.

(f) Contributions required under this division are payable on and after the date stated in the approval of the director. The director may levy assessments under this division for any amount due when an elective coverage agreement has been in effect for less than two complete calendar years. Chapter 7 (commencing with Section 1701), relating to the collection of amount due, shall apply to this section.

(g) No benefits shall be paid to any individual based upon remuneration deemed to have been received pursuant to this section unless all contributions due with respect to all remuneration deemed to have been received by the individual pursuant to this section have been paid to the department.

(h) No benefits shall be paid to any individual based on elective coverage income credits in his or her base period if his or her elective coverage agreement has been terminated under paragraph (6) of subdivision (a) of Section 704.1.

(i) Notwithstanding subdivision (b) of Section 2627, no benefits shall be paid to any individual covered under this section, with respect to periods of disability commencing on or after January 1, 1994, until he or she has been unemployed and disabled for a waiting period of seven consecutive days during each disability benefit period.

(j) Notwithstanding Section 2653, with respect to periods of disability commencing on or after January 1, 1994, the maximum amount of benefits payable to an individual covered under this section during any one disability benefit period shall be 39 times his or her weekly benefit amount, but in no case shall the total amount of benefits payable be more than the total wages credited to the individual during his or her disability base period. If the benefit is not a multiple of one dollar ($1), it shall be computed to the next higher multiple of one dollar ($1).

(k) For purposes of this section, Internal Revenue Service Schedule SE is defined as Internal Revenue Service Form 1040 Schedule SE, or in the case of statutory employees under the Internal Revenue Code, it shall be defined as Internal Revenue Service Form 1040 Schedule C, or the California Income Tax Return, when accompanied by Internal Revenue Service Form W-2.

SEC. 7. Section 708.5 of the Unemployment Insurance Code is amended to read:

708.5. (a) Any individual who is self-employed, who is not an employer as defined in any provision of Article 3 (commencing with Section 675), of Chapter 3 of this part, and who receives the major part of his or her remuneration from the trade, business, or occupation in which he or she is self-employed, may file with the director a written election that his or her services in connection with his or her trade, business, or occupation shall be deemed to be services performed by an individual in employment for an employer for the purposes of Part 2 (commencing with Section 2601) only. Upon the approval of the election by the director, the services of that self-employed individual in connection with his or her trade, business, or occupation shall be deemed to constitute employment for an employer for the purposes of Part 2 only of this division. Regardless of his or her actual earnings, for the purpose of computing disability benefit rights and worker contributions, he or she shall be deemed to have received remuneration for each calendar quarter the highest amount of wages required to be entitled to the maximum benefit award provided in Section 2655. For contributions on or after July 1, 1994, the quarterly contribution shall be the product of one-fourth of the amount of net profit, but not less than one thousand one hundred fifty dollars ($1,150), except when subparagraph (B) of paragraph (2) of subdivision (a) of Section 708 applies, reported on or before April 15 of the preceding year as declared on the Internal Revenue Service Schedule SE filed by an individual who is an employer under this division and the contribution rate established pursuant to Section 984.5, except as provided by Section 985. The quarterly contribution shall be reduced as set forth in subparagraph (B) of paragraph (2) of subdivision (a) of Section 708 if a disability occurred during the quarter for which payment is being made. On January 1, 1995, quarterly income credits for the period from July 1, 1993, to June 30, 1994, inclusive, shall be changed to one-fourth of the net profit or four thousand six hundred dollars ($4,600), whichever is greater, reported on or before April 15, 1993, as declared on the Internal Revenue Service Schedule SE for the 1992 taxable year filed by each individual having an elective coverage agreement in effect for that period or any portion thereof. If no Internal Revenue Service Schedule SE was filed, the individual shall be assigned a quarterly income credit of one thousand one hundred fifty dollars ($1,150). Quarterly income credits for this period shall not exceed seven thousand nine hundred forty-two dollars ($7,942). If quarterly income credits for the period from July 1, 1993, to June 30, 1994, inclusive, were reduced prior to January 1, 1995, the amended income credits shall be reduced proportionately. Benefits payable for periods of

disability commencing on or after January 1, 1995, shall be based on the provisions of Section 2655. For purposes of this division, income credits shall be included in the term "wages."

(b) (1) Any individual applying for or continuing elective coverage under this section shall be requested to sign an annual statement authorizing the department to verify the net profit declared on his or her Internal Revenue Service Schedule SE. Failure of the individual to sign a statement authorizing the department to verify income shall result in the individual being assigned an annual income level of four thousand six hundred dollars ($4,600) for contribution and benefit purposes.

(2) Any individual applying for elective coverage shall submit a copy of his or her Internal Revenue Service Schedule SE filed on or before April 15 of the preceding year with his or her application for elective coverage in order to establish first-year contributions and benefits in excess of the minimum required to qualify for elective coverage.

(c) Any self-employed individual continuing elective coverage who fails to file an Internal Revenue Service Schedule SE by April 15 of each calendar year is required to remit contributions based upon the last year the self-employed individual filed an Internal Revenue Service Schedule SE.

(d) Any self-employed individual who has not yet filed an Internal Revenue Service Schedule SE shall be assigned an annual income level of four thousand six hundred dollars ($4,600) for contribution and benefit purposes.

(e) Worker contributions required under this division are payable on and after the date stated in the approval of the director. The director may levy assessments under this division for any amount due when an elective coverage agreement has been in effect for less than two complete calendar years. Chapter 7 (commencing with Section 1701), relating to the collection of amounts due, shall apply to this section.

(f) No benefits shall be paid to any individual based on elective coverage income credits in his or her base period if his or her elective coverage agreement has been terminated under paragraph (6) of subdivision (a) of Section 704.1.

(g) No benefits shall be paid to any individual based upon remuneration deemed to have been received pursuant to this section unless all contributions due with respect to all remuneration deemed to have been received by that individual pursuant to this section have been paid to the department.

(h) Notwithstanding subdivision (b) of Section 2627, no benefits shall be paid to any individual covered under this section, with respect to periods of disability commencing on or after January 1, 1994, until he

or she has been unemployed and disabled for a waiting period of seven consecutive days during each disability benefit period.

(i) Notwithstanding Section 2653, with respect to periods of disability commencing on or after January 1, 1994, the maximum amount of benefits payable to an individual covered under this section during any one disability benefit period shall be 39 times his or her weekly benefit amount, but in no case shall the total amount of benefits payable be more than the total wages credited to the individual during his or her disability base period. If the benefit is not a multiple of one dollar ($1), it shall be computed to the next higher multiple of one dollar ($1).

(j) For purposes of this section, Internal Revenue Service Schedule SE is defined as Internal Revenue Service Form 1040 Schedule SE, or in the case of statutory employees under the Internal Revenue Code, it shall be defined as Internal Revenue Service Form 1040 Schedule C, or the California Income Tax Return, when accompanied by Internal Revenue Service Form W-2.

SEC. 8. Section 828 of the Unemployment Insurance Code is amended to read:

828. Each school employer shall be responsible for a quarterly local experience charge as set forth below, together with the charges or penalties set by the administrator for administrative indiscretions, including tardiness and error, as well as all costs for benefits and administration resulting from failure to properly cover an employee. The reimbursement for charges shall be delinquent 30 days from the date of notice and if not paid within the time required, the school employer shall pay a penalty of 10 percent of the unpaid amount, plus interest at the adjusted annual rate established pursuant to Section 19521 of the Revenue and Taxation Code from and after the date of delinquency until paid. The local experience charge to be levied against each school employer shall be computed as follows:

Local Experience Charge

(a) The local experience charge rate shall be 10 percent for the first three complete fiscal years of participation in the School Employees Fund.

(b) The local experience charge rate for the fourth fiscal year, and each succeeding fiscal year, shall be determined by dividing the reserve balance at the end of the fiscal year which began 24 months prior to the fiscal year for which the rate is being calculated by the benefits paid for that same prior fiscal year.

The factor derived is the employer's reserve ratio. If, as of the computation date, the school employer's reserve ratio equals or exceeds

that which appears on any line in column 1 of the following table, but is less than that which appears in column 2 of that table, the local experience charge rate shall be the figure appearing on that same line in column 3 of that table.

(Column 1) Line		(Column 2) Reserve Ratio	(Column 3) Rate
1.....negative	to	1.00	15%
2.....1.00	to	2.00	10%
3.....2.00	to	3.00	5%
4.....3.00	or	more	0%

(c) The rate determined in subdivision (a) or (b) shall be multiplied by the employer's quarterly benefit charges to compute the local experience charges.

The administrator shall, not later than March 31 of each year, notify each school employer participating in the School Employees Fund of their local experience charge rate for the succeeding fiscal year.

SEC. 9. Section 1025 of the Unemployment Insurance Code is amended to read:

1025. The director shall keep separate records of the amounts paid into the fund by each employer in his or her own behalf, or chargeable to him or her as benefits; but nothing in this division shall be construed to grant any employer or his or her employees prior claims or rights to the amount contributed by him or her to the fund, either on his or her own account or on behalf of his or her employees. The amount of employer contributions, advances, or reimbursements under Article 5 (commencing with Section 801) of Chapter 3 of this part or Section 821, and all other amounts payable to the fund, shall be pooled and available to pay unemployment compensation benefits to any employee entitled thereto, regardless of the source of contributions or any other amounts.

SEC. 10. Article 8.5 (commencing with Section 1150) of Chapter 4 of Part 1 of Division 1 of the Unemployment Insurance Code is repealed.

SEC. 11. Section 1222 of the Unemployment Insurance Code is amended to read:

1222. Within 30 days of service of any notice of assessment or denial of claim for refund or credit under Sections 803, 821, or 991, or of any notice under Sections 704.1, 1035, 1055, 1127.5, 1131, 1142, 1143, 1144, 1180, 1184, 1733, and 1735, any employing unit or other person given the notice, or any employing unit affected by a granting or denial of a transfer of reserve account, may file a petition for review or reassessment with an administrative law judge. The administrative law judge may for good cause grant an additional 30 days for the filing of a

petition. If a petition for reassessment is not filed within the 30-day period, or within the additional period granted by the administrative law judge, an assessment is final at the expiration of the period. If a petition for review of a termination of elective coverage under Section 704.1 is not filed within the 30-day period, or within the additional period granted by the administrative law judge, the termination is final at the expiration of the period. If the director fails to serve notice of his or her action within 60 days after a claim for refund or credit is filed, the person or employing unit may consider the claim denied and file a petition with an administrative law judge.

SEC. 12. Section 1256.3 of the Unemployment Insurance Code is amended to read:

1256.3. For the purposes of Sections 1256, 1256.1, 1256.2, 1256.4, and 1256.5, "most recent work" is that work in which a claimant last performed compensated services:

(a) Prior to and nearest the date of filing a valid new, reopened, or additional claim for unemployment compensation benefits, a valid primary, reopened, or additional claim for extended duration benefits, or a valid application, or reopened or additional claim for federal-state extended benefits.

(b) During the calendar week for which a continued claim is filed.

SEC. 13. Section 1256.5 of the Unemployment Insurance Code is amended and renumbered to read:

1256.4. (a) An individual is disqualified for unemployment compensation benefits if either of the following occur:

(1) The director finds that he or she was discharged from his or her most recent work for chronic absenteeism due to intoxication or reporting to work while intoxicated or using intoxicants on the job, or gross neglect of duty while intoxicated, when any of these incidents is caused by an irresistible compulsion to use or consume intoxicants, including alcoholic beverages.

(2) He or she otherwise left his or her most recent employment for reasons caused by an irresistible compulsion to use or consume intoxicants, including alcoholic beverages.

(b) An individual disqualified under this section, under a determination transmitted to him or her by the department, is ineligible to receive unemployment compensation benefits under this part for the week in which the separation occurs, and continuing until he or she has performed service in bona fide employment for which remuneration is received equal to or in excess of five times his or her weekly benefit amount, or until a physician or authorized treatment program administrator certifies that the individual has entered into and is continuing in, or has completed,

a treatment program for his or her condition and is able to return to employment.

(c) The department shall advise each individual disqualified under this section of the benefits available under Part 2 (commencing with Section 2601), and, if assistance in locating an appropriate treatment program is requested, refer the individual to the appropriate county drug or alcohol program administrator.

SEC. 14. Section 1256.7 of the Unemployment Insurance Code is amended and renumbered to read:

1256.5. An individual shall be deemed to have left his or her most recent work with good cause if the director finds that he or she leaves employment because of sexual harassment, provided the individual has taken reasonable steps to preserve the working relationship. No steps shall be required if the director finds it would have been futile. For purposes of this subdivision, unwelcome sexual advances, requests for sexual favors, and other verbal, visual, or physical conduct of a sexual nature constitutes sexual harassment when any of the following occur:

(1) Submission to the conduct is made either explicitly or implicitly a term or condition of an individual's employment.

(2) Submission to or rejection of the conduct by an individual is used as the basis for employment decisions affecting the individual.

(3) The conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Findings of fact and law by the director shall not collaterally estop adjudication of the issue of sexual harassment in another forum.

SEC. 15. Section 1301 of the Unemployment Insurance Code is repealed.

SEC. 16. Section 1302 of the Unemployment Insurance Code is repealed.

SEC. 17. Section 1303 of the Unemployment Insurance Code is repealed.

SEC. 18. Section 1304 of the Unemployment Insurance Code is repealed.

SEC. 19. Section 1305 of the Unemployment Insurance Code is repealed.

SEC. 20. Section 1306 of the Unemployment Insurance Code is repealed.

SEC. 21. Section 1307 of the Unemployment Insurance Code is repealed.

SEC. 22. Section 1308 of the Unemployment Insurance Code is repealed.

SEC. 23. Section 1451 of the Unemployment Insurance Code is amended to read:

1451. Nonprofessional employees of the Fremont and Riverside campuses of the California School for the Deaf, the Fremont campus of the California School for the Blind, and the diagnostic schools for individuals with neurological disabilities located in Los Angeles, San Francisco, and Fresno, shall be eligible for benefits provided by this chapter, on the same terms and conditions as are specified by this part, Part 3 (commencing with Section 3501), and Part 4 (commencing with Section 4001), for all other individuals, except where inconsistent with the provisions of this chapter. Except where inconsistent with the provisions of this chapter, the provisions of this division and authorized regulations shall apply to any matter arising pursuant to this chapter.

SEC. 24. Section 2051 of the Unemployment Insurance Code is amended to read:

2051. The State of California accepts the provisions of the Wagner-Peyser Act, approved June 6, 1933, as amended by the Workforce Investment Act of 1998 (Public Law 105-220) passed by the Congress of the United States, and entitled "An act to provide for the establishment of a national employment system and for cooperation with the states in the promotion of the system, and for other purposes," in conformity with Section 4 thereof, and will observe and comply with the requirements of that act.

The department is the agency of this state for the purposes of that act.

SEC. 25. Section 2061 of the Unemployment Insurance Code is amended to read:

2061. It is the intent of the Legislature in adopting this section to ensure that job order information registered with the Job Service of the Employment Development Department and the One-Stop Career Centers System be shared as expeditiously and thoroughly as possible between the department's field offices and one-stop career centers both in the local labor market and throughout the state.

The Legislature finds that job order sharing will result in better service to employers and more efficient service to job seekers.

The provisions of this section shall be subject to the limitations of federal budgetary constraints.

SEC. 26. Section 2781 of the Unemployment Insurance Code is amended to read:

2781. Except as provided in this chapter and Chapter 2.5 (commencing with Section 19878) of Part 2.6 of Division 5 of Title 2 of the Government Code, a state employee shall be eligible for nonindustrial disability benefits on the same terms and conditions as are specified by this part. Except as inconsistent with the provisions of this

chapter and Chapter 2.6 (commencing with Section 19878) of Part 2.6 of Division 5 of Title 2 of the Government Code, the provisions of this division and authorized regulations shall apply to any matter arising pursuant to this chapter.

SEC. 27. Section 3254.5 of the Unemployment Insurance Code is amended to read:

3254.5. A voluntary plan in force and effect at the time a successor employing unit acquires the organization, trade, or business, or substantially all the assets thereof, or a distinct and severable portion of the organization, trade, or business, and continues its operation without substantial reduction of personnel resulting from the acquisition, shall not withdraw without specific request for withdrawal thereof. The successor employing unit and the insurer shall be deemed to have consented to the provisions of the plan unless written request for withdrawal, effective as of the date of acquisition, is transmitted to the Director of Employment Development, by the employer or the insurer, within 30 days after the acquisition date, or within 30 days after notification from the Director of Employment Development that the plan is to continue, whichever is later. Unless the plan is withdrawn as of the date of acquisition by the successor employer or the insurer, a written request for withdrawal shall be effective only on the anniversary of the effective date of the plan next occurring on or after the date of acquisition, except that the plan may be withdrawn on the operative date of any law increasing the benefit amounts provided by Sections 2653 and 2655 or the operative date of any change in the rate of worker contributions as determined by Section 984, if notice of the withdrawal of the plan is transmitted to the Director of Employment Development not less than 30 days prior to the operative date of law or change. If the plan is not withdrawn on 30 days' notice because of the enactment of a law increasing benefits or because of a change in the rate of worker contributions as determined by Section 984, the plan shall be amended to conform to increase or change on the operative date of the increase or change. Promptly upon notice of change in ownership any insurer of a plan shall prepare and issue policy forms and amendments as required, unless the plan is withdrawn. Nothing herein contained shall prevent future withdrawal of any plans on an anniversary of the effective date of the plan upon 30 days' notice, except that the plan may be withdrawn on the operative date of any law increasing the benefit amounts provided by Sections 2653 and 2655 or the operative date of any change in the rate of worker contributions as determined by Section 984, if notice of the withdrawal of the plan is transmitted to the Director of Employment Development not less than 30 days prior to the operative date of law or change. If the plan is not withdrawn on 30 days' notice because of the

enactment of a law increasing benefits or because of a change in the rate of worker contributions as determined by Section 984, the plan shall be amended to conform to increase or change on the operative date of the increase or change.

SEC. 28. Division 2 (commencing with Section 5000) of the Unemployment Insurance Code is repealed.

SEC. 29. Section 9003 of the Unemployment Insurance Code is amended to read:

9003. Notwithstanding any other provisions of this code, individuals with disabilities who are clients of the Department of Rehabilitation shall not be barred as participants in manpower programs, including, but not limited to, retraining programs, work incentive programs, job training and placement programs, career opportunity development programs, and vocational educational programs, because of their mental or physical disability when certified by the Department of Rehabilitation as being potentially employable.

SEC. 30. Section 9106 of the Unemployment Insurance Code is repealed.

SEC. 31. Section 9604 of the Unemployment Insurance Code is amended to read:

9604. (a) The department shall establish necessary data systems which shall provide administrative information on persons served including, but not limited to, the following information:

(1) Pertinent data on the characteristics of persons served.

(2) The services provided.

(3) The results of services provided.

(b) The department shall also compile annually a report for the state and its principal labor market areas. The report shall contain information on the characteristics of the unemployed and analyses of current trends and projections for population, labor force, employment, and unemployment and shall be provided on a regular basis to cooperative area manpower systems councils or successors.

SEC. 32. Section 9605 of the Unemployment Insurance Code is amended to read:

9605. The department shall:

(a) Conduct the state manpower program, with the exception of manpower programs conducted by units of local general purpose government.

(b) Be the sole state agency to approve and coordinate publicly funded job training and placement programs, which it administers. The department shall approve programs only if consistent with the plans developed under Section 9600 and other provisions of this division.

(c) Be responsible for developing program objectives for each category of the service program it administers, establishing cost-effective results measurement, and providing accountability for results as related to the objectives set.

(d) Appoint an advisory committee of representatives of employers and employer organizations to enlist the advice and support of private industry in developing a statewide system for making jobs available to job trainees following successful completion of job training and placement programs.

(e) Develop controls to insure that job training and placement programs, it administers meet existing labor market needs as viewed by employers. The department shall study training and personnel selection methods used successfully by private industry.

(f) Encourage placement of eligible persons in public employment with the assistance of an advisory group representing state and local officials and representatives of economically disadvantaged areas appointed by the department.

(g) Evaluate the need for specific new public employment opportunities.

(h) Determine the kinds and quality of job training and placement programs, it administers necessary to provide placement in public employment for eligible persons and develop means to realign job tasks to develop greater employment opportunities for eligible persons.

(i) Cooperate with the State Personnel Board and local personnel officials in developing and upgrading employment opportunities for and in eliminating unnecessary barriers to the placement of eligible persons in public employment.

The State Personnel Board and other state and local agencies shall cooperate to the maximum extent feasible to achieve the purposes of this division.

SEC. 33. Section 9608 of the Unemployment Insurance Code is amended to read:

9608. The director shall, within each community employment development center, establish an intake system to appraise the individual needs of applicants. Each community employment development center shall provide the following services:

(a) Job referral and labor market information services to applicants who are occupationally competitive and qualified by training or experience in the labor market. These applicants shall be encouraged to utilize self-help services.

(b) Employment exploration and job development services to applicants who are employable but need some directed assistance in planning an effective job search or coping with minor barriers to

employment. Employment exploration and job development services are designed:

(1) To prepare groups of applicants to use job referral and information services by instructing them in job finding techniques and how to initiate their own job search.

(2) To assist applicants directly by developing job opportunities.

(3) To provide, as necessary, usually on a one-time basis, the following services:

(A) Contacting an employer to explain an applicant's qualifications or limitations, such as a disability not affecting ability to work, in relation to requirements for a particular job and arranging an interview.

(B) A more thorough appraisal of the applicant's capabilities and desires in relation to the job market than is required of an applicant seeking only job referral and labor market information.

(4) To arrange for short-term supplemental services.

(c) Individual employability development and placement services to applicants who are potentially employable but are in need of more intensive services before becoming employable because they are have vocational barriers due to disability, lack of skills, obsolescence of job skills, limited education, or poor work habits and attitudes. Intensive employability services shall be provided by case-responsible persons to applicants where case-responsible persons are assigned.

(d) Through case managers or case-responsible persons, case services to applicants to the extent funds are available. Case services funds may be made available for services to the disadvantaged. "Case services" means an applicant's expenses necessary for or incident to training or employability development and includes, but is not limited to, the following:

(1) Medical and dental treatment necessary for employability.

(2) Temporary child care.

(3) Transportation costs.

(4) Wearing apparel.

(5) Books and supplies.

(6) Tools and safety equipment.

(7) Union fees.

(8) Business license fees.

SEC. 34. Section 9615 of the Unemployment Insurance Code is amended to read:

9615. Eligible persons who are registrants pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code shall receive priority for services. The department shall use up to 50 percent of the funds available to it pursuant to Section 7(b) of the federal Wagner-Peyser Act (29 U.S.C.

Sec. 49f) to provide for job services required pursuant to subdivision (c) of Section 11320.3 of the Welfare and Institutions Code.

SEC. 35. Section 9616.1 of the Unemployment Insurance Code is amended to read:

9616.1. (a) The department shall convene groups that represent local department field offices, county welfare departments, local workforce investment areas, and community colleges for the purpose of developing a local plan on how these entities will regularly coordinate employer outreach activities and the solicitation of entry-level and other job listings, in order to reduce duplication of effort and to enhance the overall job development activities. Each local plan shall be signed by the local entities convened pursuant to this subdivision and submitted to the department.

(b) The entities involved in formulating each local plan and the department shall review each plan on at least an annual basis.

SEC. 36. Chapter 3 (commencing with Section 10000) of Part 1 of Division 3 of the Unemployment Insurance Code is repealed.

SEC. 37. Section 10212.2 of the Unemployment Insurance Code is amended to read:

10212.2. (a) The panel shall prepare a budget covering necessary administrative costs of the panel. The budget shall not be subject to change by the director except as agreed to by the panel. In the event that agreement cannot be reached, the Secretary of the Labor and Workforce Development Agency shall attempt to reach a mutual agreement. In the event a mutual agreement cannot be reached, the final decision shall rest with the Governor.

(b) The director shall furnish at the request of the panel equipment, supplies, and housing unless specified otherwise in this code, and nonpersonal and housekeeping services required by the panel and shall perform any other mechanics of administration as the panel and the director may agree upon.

SEC. 38. Section 10521 of the Unemployment Insurance Code is repealed.

SEC. 39. Section 10523 of the Unemployment Insurance Code is repealed.

SEC. 40. Section 10524 of the Unemployment Insurance Code is repealed.

SEC. 41. Section 10525 of the Unemployment Insurance Code is repealed.

SEC. 42. Section 10527 of the Unemployment Insurance Code is repealed.

SEC. 43. Section 11000 of the Unemployment Insurance Code is amended to read:

11000. The Legislature finds that over 1.5 million persons in California are deaf or suffer from significant hearing impairment. Private and public employment agencies are not routinely adapted to meet the communication needs of persons who are deaf and hard of hearing and, therefore, the services they receive may be less than those provided to other persons. The Legislature also finds that employment opportunities for persons who are deaf and hard of hearing are increased when specialized counseling, interpretive, job placement, and followup services supplement conventional employment services. In addition, the limited programs which provide these specialized employment services to persons who are deaf and hard of hearing have recently been subject to significant local funding reductions. Therefore, the Legislature finds that a more stable funding source, as provided by this chapter, is necessary to ensure the continuance of these programs.

SEC. 44. Section 11001 of the Unemployment Insurance Code is amended to read:

11001. (a) The department shall contract with public agencies or private nonprofit corporations for a period not to exceed one year to provide employment services for persons who are deaf and hard of hearing. These employment services shall be provided onsite at the department's offices which are selected pursuant to Section 11004.

(b) At the end of each contract year, the department may renegotiate the terms of each contract in accordance with allowable increases or decreases in the contractor's costs and the contractor's demonstrated ability to provide the specified services.

(c) If a contractor is a private nonprofit corporation, it shall submit a complete financial statement audited by a certified public accountant prior to a renewal of the contract.

SEC. 45. Section 11002 of the Unemployment Insurance Code is amended to read:

11002. Employment services for persons who are deaf and hard of hearing shall include, but not be limited to, the following:

(a) Complete communication services for all preparatory, job placement, and followup activities. The communication services shall include interpreter services by a professional interpreter for persons who are deaf and hard of hearing possessing the comprehensive skills certification of the National Registry of Interpreters for the Deaf or the equivalent, telecommunications, and, when necessary, training in communication skills.

(b) Advocacy to assure that persons who are deaf and hard of hearing receive equal access to public and private employment services.

(c) Job development and job placement.

(d) Employment counseling, including peer counseling by persons who are deaf and hard of hearing.

(e) Followup counseling and problemsolving after placement.

SEC. 46. Section 11003 of the Unemployment Insurance Code is amended to read:

11003. (a) The department, with the advice of persons knowledgeable about providing employment services to persons who are deaf and hard of hearing, shall establish the criteria for choosing contractors.

(b) The criteria shall include, but not be limited to, all of the following:

(1) The ability to provide services to a person who is deaf or hard of hearing in the person's preferred mode of communication.

(2) The ability to secure community support, including written endorsements of local officials, employers, the workforce investment board of the local workforce investment area and organizations of and for persons who are deaf and hearing impaired.

(3) The existence of funding from one or more public or private sources.

(c) Preference shall be given in the selection of a contractor to those proposals which demonstrate all of the following:

(1) Participation of persons who are deaf and hard of hearing on the potential contractor's employment services staff, and in the case of a private nonprofit corporation, on the board of directors.

(2) A commitment to the development and maintenance of self-determination for persons who are deaf and hard of hearing.

SEC. 47. Section 11004 of the Unemployment Insurance Code is amended to read:

11004. The department shall do all of the following:

(a) Determine the number and location of its offices within the state providing employment services to individuals who are deaf and hard of hearing and shall decide which offices shall be served by contractors given the resources available under this chapter. The department shall give priority to offices where contracts are necessary in order to prevent or minimize the disruption or the discontinuance of employment services to individuals who are deaf and hard of hearing which have been provided in conjunction with the department prior to July 1, 1984.

(b) Coordinate the provision of employment services for individuals who are deaf and hard of hearing with the State Department of Social Services and the Department of Rehabilitation so that employment services provided by this chapter supplement or provide alternatives to services provided or funded by the departments.

(c) Establish uniform accounting procedures and contracts for use with regard to this chapter.

(d) Promulgate requests for proposals and conduct bidders' conferences, and evaluate proposals according to the criteria established pursuant to Section 11003.

(e) Utilize the definitions of deafness and significant hearing impairment which have been used or established by regulation by the State Department of Social Services.

(f) Conduct a management or fiscal audit of any contract whenever it is necessary for proper supervision of that contract.

(g) Annually consider incorporation of the services described in this chapter in the job service plan required by Section 8 of the federal Wagner-Peyser Act (29 U.S.C. Sec. 49g).

(h) Assist contractors in maintaining all of the following information:

(1) The number of persons receiving services.

(2) A description of the services provided.

(3) The cost of the services provided.

(4) The number of persons placed in jobs.

(5) The number of persons assisted by followup activities.

(6) The number and qualifications of staff providing the services.

SEC. 48. Chapter 6 (commencing with Section 11010) of Part 1 of Division 3 of the Unemployment Insurance Code is repealed.

SEC. 49. Division 4 (commencing with Section 12000) of the Unemployment Insurance Code is repealed.

SEC. 50. Section 13002 of the Unemployment Insurance Code is amended to read:

13002. The following provisions of this code shall apply to any amount required to be deducted, reported, and paid to the department under this division:

(1) Sections 301, 305, 306, 310, 311, 312, 317, and 318, relating to general administrative powers of the department.

(2) Sections 403 to 413, inclusive, Section 1336, and Chapter 8 (commencing with Section 1951) of Part 1 of Division 1, relating to appeals and hearing procedures.

(3) Sections 1110.6, 1111, 1111.5, 1112, 1113, 1113.1, 1114, 1115, 1116, and 1117 relating to the making of returns or the payment of reported contributions.

(4) Article 8 (commencing with Section 1126) of Chapter 4 of Part 1 of Division 1, relating to assessments.

(5) Article 9 (commencing with Section 1176), except Section 1176, of Chapter 4 of Part 1 of Division 1, relating to refunds and overpayments.

(6) Article 10 (commencing with Section 1206) of Chapter 4 of Part 1 of Division 1, relating to notice.

(7) Article 11 (commencing with Section 1221) of Chapter 4 of Part 1 of Division 1, relating to administrative appellate review.

(8) Article 12 (commencing with Section 1241) of Chapter 4 of Part 1 of Division 1, relating to judicial review.

(9) Chapter 7 (commencing with Section 1701) of Part 1 of Division 1, relating to collections.

(10) Chapter 10 (commencing with Section 2101) of Part 1 of Division 1, relating to violations.

SEC. 51. Section 13021 of the Unemployment Insurance Code is amended to read:

13021. (a) Every employer required to withhold any tax under Section 13020 shall for each calendar quarter, whether or not wages or payments are paid in the quarter, file a withholding report and a report of wages in a form prescribed by the department, and pay over the taxes so required to be withheld. The report of wages shall include individual amounts required to be withheld under Section 13020 or withheld under Section 13028. Except as provided in subdivisions (c) and (d) of this section, the employer shall file a withholding report and remit the total amount of income taxes withheld during the calendar quarter on or before the last day of the month following the close of the calendar quarter.

(b) Every employer electing to file a single annual return under subdivision (d) of Section 1110 shall report and pay any taxes withheld under Section 13020 on an annual basis within the time specified in subdivision (d) of Section 1110.

(c) (1) Effective January 1, 1995, whenever an employer is required, for federal income tax purposes, to remit the total amount of withheld federal income tax in accordance with Section 6302 of the Internal Revenue Code and regulations thereunder, and the accumulated amount of state income tax withheld is more than five hundred dollars ($500), the employer shall remit the total amount of income tax withheld for state income tax purposes within the number of banking days as specified for withheld federal income taxes by Section 6302 of the Internal Revenue Code, and regulations thereunder.

(2) Effective January 1, 1996, the five hundred dollar ($500) amount referred to in paragraph (1) shall be adjusted annually as follows, based on the annual average rate of interest earned on the Pooled Money Investment Fund as of June 30 in the prior fiscal year:

Average Rate of Interest	
Greater than or equal to 9 percent:	$ 75
Less than 9 percent, but greater than or equal to 7 percent:	250

Average Rate of Interest	
Less than 7 percent, but greater than or equal to 4 percent:	400
Less than 4 percent:	500

(d) (1) Notwithstanding subdivisions (a) and (c), for calendar years beginning prior to January 1, 1995, if in the 12-month period ending June 30 of the prior year the cumulative average payment made pursuant to this division or Section 1110, for eight-monthly periods, as defined under Section 6302 of the Internal Revenue Code and regulations thereunder, was fifty thousand dollars ($50,000) or more, the employer shall remit the total amount of income tax withheld within three banking days following the close of each eight-monthly period, as defined by Section 6302 of the Internal Revenue Code and regulations thereunder. For purposes of this subdivision, payment shall be made by electronic funds transfer in accordance with Section 13021.5, for one calendar year beginning on January 1. Payment is deemed complete on the date the electronic funds transfer is initiated, if settlement to the state's demand account occurs on or before the banking day following the date the transfer is initiated. If settlement to the state's demand account does not occur on or before the banking day following the date the transfer is initiated, payment is deemed complete on the date settlement occurs. The department shall, on or before October 31 of the prior year, notify all employers required to make payment by electronic funds transfer of these requirements.

(2) Notwithstanding subdivisions (a) and (c), for calendar years beginning on or after January 1, 1995, if in the 12-month period ending June 30 of the prior year, the cumulative average payment made pursuant to this division or Section 1110 for any deposit periods, as defined under Section 6302 of the Internal Revenue Code and regulations thereunder, was twenty thousand dollars ($20,000) or more, the employer shall remit the total amount of income tax withheld within the number of banking days as specified for federal income taxes by Section 6302 of the Internal Revenue Code and regulations thereunder. For purposes of this subdivision, payment shall be made by electronic funds transfer in accordance with Section 13021.5, for one calendar year beginning on January 1. Payment is deemed complete on the date the electronic funds transfer is initiated, if settlement to the state's demand account occurs on or before the banking day following the date the transfer is initiated. If settlement to the state's demand account does not occur on or before the banking day following the date the transfer is initiated, payment is deemed complete on the date settlement occurs. The department shall, on or before October 31 of the prior year, notify all employers required

by this paragraph to make payments by electronic funds transfer of these requirements.

(3) Notwithstanding paragraph (2), effective January 1, 1995, electronic funds transfer payments that are subject to the one-day deposit rule, as defined by Section 6302 of the Internal Revenue Code and regulations thereunder, shall be deemed timely if the payment settles to the state's demand account within three banking days after the date the employer meets the threshold for the one-day deposit rule.

(4) Any taxpayer required to remit payments pursuant to paragraphs (1) and (2) may request from the department a waiver of those requirements. The department may grant a waiver only if it determines that the particular amounts paid in excess of fifty thousand dollars ($50,000) or twenty thousand dollars ($20,000), as stated in paragraphs (1) and (2), respectively, were the result of an unprecedented occurrence for that employer, and were not representative of the employer's cumulative average payment in prior years.

(5) Any state agency required to remit payments pursuant to paragraphs (1) and (2) may request a waiver of those requirements from the department. The department may grant a waiver if it determines that there will not be a negative impact on the interest earnings of the General Fund. If there is a negative impact to the General Fund, the department may grant a waiver if the requesting state agency follows procedures designated by the department to mitigate the impact to the General Fund.

(e) Any employer not required to make payment pursuant to subdivision (d) of this section may elect to make payment by electronic funds transfer in accordance with Section 13021.5 under the following conditions:

(1) The election shall be made in a form, and shall contain information, as prescribed by the director, and shall be subject to approval by the department.

(2) If approved, the election shall be effective on the date specified in the notification to the employer of approval.

(3) The election shall be operative from the date specified in the notification of approval, and shall continue in effect until terminated by the employer or the department.

(4) Funds remitted by electronic funds transfer pursuant to this subdivision shall be deemed complete in accordance with subdivision (d) or as deemed appropriate by the director to encourage use of this payment method.

(f) Notwithstanding Section 1112, no interest or penalties shall be assessed against any employer who remits at least 95 percent of the amount required by subdivision (c) or (d), provided that the failure to remit the full amount is not willful and any remaining amount due is

paid with the next payment. The director may allow any employer to submit the amounts due from multiple locations upon a showing that those submissions are necessary to comply with the provisions of subdivision (c) or (d).

(g) The department may, if it believes that action is necessary, require any employer to make the report required by this section and pay to it the tax deducted and withheld at any time, or from time to time but no less frequently than provided for in subdivision (a).

(h) Any employer required to withhold any tax and who is not required to make payment under subdivision (c) shall remit the total amount of income tax withheld during each month of each calendar quarter, on or before the 15th day of the subsequent month if the income tax withheld for any of the three months or, cumulatively for two or more months, is three hundred fifty dollars ($350) or more.

(i) For purposes of subdivisions (a), (c), and (h), payment is deemed complete when it is placed in a properly addressed envelope, bearing the correct postage, and it is deposited in the United States mail.

(j) In addition to the withholding report and report of wages described in subdivision (a), each employer shall file with the director an annual reconciliation return showing the amount required to be withheld under Section 13020, and any other information the director shall prescribe. This annual reconciliation return shall be due on the first day of January following the close of the prior calendar year and shall become delinquent if not filed on or before the last day of that month.

SEC. 52. Section 15001 of the Unemployment Insurance Code is amended to read:

15001. It is the purpose of this division to establish a program of job preparation, training, and placement services which enable economically disadvantaged persons to participate fully in the mainstream of our economy and thereby promote the economic security of families they now head or will in the future head, and which carries out the objectives, purposes and provisions of the Temporary Assistance for Needy Families (TANF) program established pursuant to Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code. To achieve these purposes, it is the intent of the Legislature that a service system be implemented which incorporates the following elements:

(a) Integration of benefits and services under the Aid to Families with Dependent Children program with employment services, including the following:

(1) Application and screening of eligible participants.

(2) Assessment of each participant's employment potential and training needs.

(3) Immediate job search assistance and imparting of self-help job search skills for employment in unsubsidized jobs.

(4) Placement in appropriate training programs for those participants not otherwise job-ready.

(b) Integration of those state and federal job training programs now authorized by law and designed to serve persons eligible under this division.

(c) Overall program direction by the department whose functions under this division shall include:

(1) Overall direction, under the policies established by the State Job Training Coordinating Council, of the statewide programs administered in service delivery areas under this division, including establishment of basic program standards consistent with the provisions of this division and the provisions of Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code, review of service delivery area plans, allocation and distribution to grant recipients selected within service delivery areas of funds from the block grant established pursuant to Chapter 8 (commencing with Section 15080), and assessment of service delivery area performance based on standards that measure results rather than process.

(2) Administration, either directly or by contract with another entity, of these statewide programs in service delivery areas that request the state to assume this function.

(3) Administration of demonstration programs testing innovative approaches to assisting clients eligible under this division to find unsubsidized employment.

(4) Administration of special assistance programs to areas facing urgent employment and training needs that cross jurisdictional lines or that result from major plant closures, arrival and resettlement of a significant number of refugees, or comparable circumstances.

(d) Local administration and operation of the statewide programs under this division, in accordance with an approved service delivery area plan.

(e) Planning, design, and local oversight by local private industry councils pursuant to this division to ensure that the service delivery area plan responds appropriately to local economic conditions, local employment needs, and business and economic development strategies planned or being implemented within the area, as well as complies with the basic standards and provisions of this division.

(f) Streamlining of the funding for programs authorized under this division, in accordance with the following principles:

(1) Consolidation of funds in the Consolidated Work Program Fund pursuant to Section 15082, for distribution to the grant recipients selected within the service delivery areas to carry out the approved plans, of:

(A) Those federal and state funds heretofore appropriated on a categorical basis for various programs authorized to provide job preparation, training, and placement services, which programs are integrated by this division into the locally operated statewide programs.

(B) Other funds that the federal government may make available or the Legislature may appropriate for the statewide programs.

(2) Retention by the department of the following funding sources:

(A) The service delivery area's share of block grant funds distributed under paragraph (1), to support provision of services to service delivery area residents eligible under this division, in those service delivery areas where the state assumes this function in accordance with paragraph (2) of subdivision (c).

(B) Federal and state funds received for the operation of demonstration and special assistance programs serving persons eligible under this division. When a demonstration program and its funding level become suitable for statewide institutionalization, local administrative responsibility for the program shall be assigned to the administrative entity within the service delivery area and its funding shall be moved to the Consolidated Work Program Fund established under paragraph (1).

SEC. 53. Section 15005 of the Unemployment Insurance Code is amended to read:

15005. The designation of areas shall be consistent with the requirements of the federal Workforce Investment Act. Units of general local government with populations of 200,000 or more and consortia of contiguous units of local government with an aggregate population of 200,000 or more which serve a substantial part of a labor market area shall be designated service delivery areas, if they so request. Furthermore, consideration shall be given to service delivery area requests from any unit of general local government, with a population level below 200,000, which served as a prime sponsor under the California Work Opportunity and Responsibility for Kids (CalWORKs) program.

CHAPTER 153

An act to amend Sections 10232.4, 10233, and 10238 of the Business and Professions Code, relating to real estate.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 10232.4 of the Business and Professions Code is amended to read:

10232.4. (a) In making a solicitation to a particular person and in negotiating with that person to make a loan secured by real property or to purchase a real property sales contract or a note secured by a deed of trust, a real estate broker shall deliver to the person solicited the applicable completed statement described in Section 10232.5 as early as practicable before he or she becomes obligated to make the loan or purchase and, except as provided in subdivision (c), before the receipt by or on behalf of the broker of any funds from that person. The statement shall be signed by the prospective lender or purchaser and by the real estate broker, or by a real estate salesperson licensed to the broker, on the broker's behalf. When so executed, an exact copy shall be given to the prospective lender or purchaser, and the broker shall retain a true copy of the executed statement for a period of three years.

(b) The requirement of delivery of a disclosure statement pursuant to subdivision (a) shall not apply with respect to the following persons:

(1) The prospective purchaser of a security offered under authority of a permit issued pursuant to applicable provisions of the Corporate Securities Law of 1968 (Division 1 (commencing with Section 25000) of Title 4 of the Corporations Code) that require that each prospective purchaser of a security be given a prospectus or other form of disclosure statement approved by the department issuing the permit.

(2) The seller of real property who agrees to take back a promissory note of the purchaser as a method of financing all or a part of the purchase of the property.

(3) The prospective purchaser of a security offered pursuant to and in accordance with a regulation duly adopted by the Commissioner of Corporations granting an exemption from qualification under the Corporate Securities Law of 1968 for the offering if one of the conditions of the exemption is that each prospective purchaser of the security be given a disclosure statement prescribed by the regulation before the prospective purchaser becomes obligated to purchase the security.

(4) A prospective lender or purchaser, if that lender or purchaser is any of the following:

(A) The United States or any state, district, territory, or commonwealth thereof, or any city, county, city and county, public district, public authority, public corporation, public entity, or political subdivision of a state, district, territory, or commonwealth of the United States, or any agency or corporate or other instrumentality of any one or more of the foregoing, including the Federal National Mortgage Association, the

Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, and the Veteran's Administration.

(B) Any bank or subsidiary thereof, bank holding company or subsidiary thereof, trust company, savings bank or savings and loan association or subsidiary thereof, savings bank or savings association holding company or subsidiary thereof, credit union, industrial bank or industrial loan company, personal property broker, commercial finance lender, consumer finance lender, or insurance company doing business under the authority of, and in accordance with, the laws of this state, any other state, or of the United States relating to banks, trust companies, savings banks or savings associations, credit unions, industrial banks or industrial loan companies, commercial finance lenders, or insurance companies, as evidenced by a license, certificate, or charter issued by the United States or any state, district, territory, or commonwealth of the United States.

(C) Trustees of pension, profitsharing, or welfare fund, if the pension, profitsharing, or welfare fund has a net worth of not less than fifteen million dollars ($15,000,000).

(D) Any corporation with outstanding securities registered under Section 12 of the Securities Exchange Act of 1934 or any wholly owned subsidiary of that corporation.

(E) Any syndication or other combination of any of the entities specified in subparagraph (A), (B), (C), or (D) which is organized to purchase the promissory note.

(F) A licensed real estate broker engaging in the business of selling all or part of the loan, note, or contract to a lender or purchaser to whom no disclosure is required pursuant to this subdivision.

(G) A licensed residential mortgage lender or servicer when acting under the authority of that license.

(c) When the broker has custody of funds of a prospective lender or purchaser which were received and are being maintained with the express permission of the owner and in accordance with law, and the broker retains the funds in an escrow depository or a trust fund account pending receipt of the owner's express written instructions to disburse the funds for a loan or purchase, the broker shall cause the disclosure statement to be delivered to the owner and shall obtain the owner's written consent to the proposed disbursement before making the disbursement. Unless the broker has a written agreement with the owner as provided in Section 10231.1, the broker shall transmit to the owner not later than 25 days after receipt, all funds then in the broker's custody for which the owner has not given written instructions authorizing disbursement.

SEC. 2. Section 10233 of the Business and Professions Code is amended to read:

10233. A real estate licensee who undertakes to service a promissory note secured directly or collaterally by a lien on real property or a real property sales contract shall comply with each of the following requirements:

(a) The licensee shall have a written authorization from the borrower, the lender, or the owner of the note or contract, that is included within the terms of a written servicing agreement that satisfies the requirements of paragraphs (1), (2), (4), and (5) of subdivision (k) of Section 10238.

(b) The licensee shall provide the lender or the owner of the note or contract with at least the following accountings:

(1) An accounting of the unpaid principal balance at the end of each year.

(2) An accounting of collections and disbursements received and made during each year.

(3) Each accounting required under this subdivision shall identify the person who holds the original note or contract and the deed of trust evidencing and securing the debt or obligation for which the accounting has been provided.

(c) The licensee shall provide to the lender or the owner of the note or contract written notification within 15 days of the occurrence of any of the following events:

(1) The recording of a notice of default.

(2) The recording of a notice of trustee's sale.

(3) The receipt of any payment constituting an amount greater than or equal to five monthly payments, together with a request for partial or total reconveyance of the real property, in which case the notice shall also indicate any further transfer or delivery instructions.

(4) The delinquency of any installment or other obligation under the note or contract for over 30 days.

SEC. 3. Section 10238 of the Business and Professions Code is amended to read:

10238. (a) A notice in the following form and containing the following information shall be filed with the commissioner within 30 days after the first transaction and within 30 days of any material change in the information required in the notice:

TO: Real Estate Commissioner
Mortgage Loan Section
2201 Broadway
Sacramento, CA 95818

This notice is filed pursuant to Section 10237 of the Business and Professions

Code.

( ) Original Notice ( ) Amended Notice

1. Name of Broker conducting transaction under Section 10237:

_____

2. Broker license identification number: _____

3. List the month the fiscal year ends: _____

4. Broker's telephone number: _____

5. Firm name (if different from "1"):

_____

6. Street address (main location):

_____

and Street City State ZIP Code

7. Mailing address (if different from "6"):

_____

8. Servicing agent: Identify by name, address, and telephone number the person or entity who will act as the servicing agent in transactions pursuant to Section 10237 (including the undersigned Broker if that is the case):

_____

_____

9. Total number of multilender notes arranged: _____

10. Total number of interests sold to investors on the multilender's notes: _____

11. Inspection of trust account (before answering this question, review the provisions of paragraph (3) of subdivision (k) of Section 10238).

CHECK ONLY ONE OF THE FOLLOWING:

( ) The undersigned Broker is (or expects to be) required to file reports of inspection of its trust account(s) with the Real Estate Commissioner pursuant to paragraph (3) of subdivision (k) of Section 10238.

Amount of Multilender Payments Collected Last Fiscal Quarter: _____

Total Number of Investors Due Payments Last Fiscal Quarter: _____

( ) The undersigned Broker is NOT (or does NOT expect to be) required to file reports of inspection of its trust account(s) with the Real Estate Commissioner pursuant to paragraph (3) of subdivision (k) of Section 10238.

12. Signature. The contents of this notice are true and correct.

_____ _____
Date Type Name of Broker

_____
Signature of Broker or of Designated Officer of Corporate Broker

_____
Type Name of Person(s) Signing This Notice

NOTE: AN AMENDED NOTICE MUST BE FILED BY THE BROKER WITHIN 30 DAYS OF ANY MATERIAL CHANGE IN THE INFORMATION REQUIRED TO BE SET FORTH HEREIN.

(b) A broker or person who becomes the servicing agent for notes or interest sold pursuant to this article, upon which payments due during any period of three consecutive months in the aggregate exceed one hundred twenty-five thousand dollars ($125,000) or the number of persons entitled to the payments exceeds 120, shall file the notice required by subdivision (a) with the commissioner within 30 days after becoming the servicing agent.

(c) All advertising employed for transactions under this article shall show the name of the broker and comply with Section 10235 and Sections 260.302 and 2848 of Title 10 of the California Code of Regulations. Brokers and their agents are cautioned that a reference to a prospective investor that a transaction is conducted under this article may be deemed misleading or deceptive if this representation may reasonably be construed by the investor as an implication of merit or approval of the transaction.

(d) Each parcel of real property directly securing the notes or interests is located in this state, the note or notes are not by their terms subject to subordination to any subsequently created deed of trust upon the real property, and the note or notes are not promotional notes secured by liens on separate parcels of real property in one subdivision or in contiguous subdivisions. For purposes of this subdivision, a promotional note means a promissory note secured by a trust deed, executed on unimproved real property or executed after construction of an improvement of the property but before the first purchase of the property as so improved, or executed as a means of financing the first purchase

of the property as so improved, that is subordinate, or by its terms may become subordinate, to any other trust deed on the property. However, the term "promotional note" does not include either of the following:

(1) A note that was executed in excess of three years prior to being offered for sale.

(2) A note secured by a first trust deed on real property in a subdivision that evidences a bona fide loan made in connection with the financing of the usual cost of the development in a residential, commercial, or industrial building or buildings on the property under a written agreement providing for the disbursement of the loan funds as costs are incurred or in relation to the progress of the work and providing for title insurance ensuring the priority of the security as against mechanic's and materialmen's liens or for the final disbursement of at least 10 percent of the loan funds after the expiration of the period for the filing of mechanic's and materialmen's liens.

(e) The notes or interests are sold by or through a real estate broker, as principal or agent. At the time the interests are originally sold or assigned, neither the broker nor an affiliate of the broker shall have an interest as owner, lessor, or developer of the property securing the loan, or any contractual right to acquire, lease, or develop the property securing the loan. This provision does not prohibit a broker from conducting the following transactions if, in either case, the disclosure statement furnished by the broker pursuant to subdivision (*l*) discloses the interest of the broker or affiliate in the transaction and the circumstances under which the broker or affiliate acquired the interest:

(1) A transaction in which the broker or an affiliate of the broker is acquiring the property pursuant to a foreclosure under, or sale pursuant to, a deed of trust securing a note for which the broker is the servicing agent or that the broker sold to the holder or holders.

(2) A transaction in which the broker or an affiliate of the broker is reselling from inventory property acquired by the broker pursuant to a foreclosure under, or sale pursuant to, a deed of trust securing a note for which the broker is the servicing agent or that the broker sold to the holder or holders.

(f) (1) The notes or interests shall not be sold to more than 10 persons, each of whom meets one or both of the qualifications of income or net worth set forth below and signs a statement, which shall be retained by the broker for four years, conforming to the following:

Transaction Identifier: _____

Name of Purchaser: _____ Date: _____

Check either one of the following, if true:

( ) My investment in the transaction does not exceed 10% of my net worth, exclusive of home, furnishings, and automobiles.

( ) My investment in the transaction does not exceed 10% of my adjusted gross income for federal income tax purposes for my last tax year or, in the alternative, as estimated for the current year.

_____
Signature

(2) The number of offerees shall not be considered for the purposes of this section.

(3) A husband and wife and their dependents, and an individual and his or her dependents, shall be counted as one person.

(4) A retirement plan, trust, business trust, corporation, or other entity that is wholly owned by an individual and the individual's spouse or the individual's dependents, or any combination thereof, shall not be counted separately from the individual, but the investments of these entities shall be aggregated with those of the individual for the purposes of the statement required by paragraph (1). If the investments of any entities are required to be aggregated under this subdivision, the adjusted gross income or net worth of these entities may also be aggregated with the net worth, income, or both, of the individual.

(5) The "institutional investors" enumerated in subdivision (i) of Section 25102 or subdivision (c) of Section 25104 of the Corporations Code, or in a rule adopted pursuant thereto, shall not be counted.

(6) A partnership, limited liability company, corporation, or other organization that was not specifically formed for the purpose of purchasing the security offered in reliance upon this exemption from securities qualification is counted as one person.

(g) The notes or interests of the purchasers shall be identical in their underlying terms, including the right to direct or require foreclosure, rights to and rate of interest, and other incidents of being a lender, and the sale to each purchaser pursuant to this section shall be upon the same terms, subject to adjustment for the face or principal amount or percentage interest purchased and for interest earned or accrued. This subdivision does not preclude different selling prices for interests to the extent that these differences are reasonably related to changes in the market value of the loan occurring between the sales of these interests. The interest of each purchaser shall be recorded pursuant to subdivisions (a) to (c), inclusive, of Section 10234.

(h) (1) Except as provided in paragraph (2), the aggregate principal amount of the notes or interests sold, together with the unpaid principal amount of any encumbrances upon the real property senior thereto, shall

not exceed the following percentages of the current market value of each parcel of the real property, as determined in writing by the broker or appraiser pursuant to Section 10232.6, plus the amount for which the payment of principal and interest in excess of the percentage of current market value is insured for the benefit of the holders of the notes or interests by an insurer admitted to do business in this state by the Insurance Commissioner:

(A)	Single-family residence, owner occupied	80%
(B)	Single-family residence, not owner occupied	75%
(C)	Commercial and income-producing properties	65%
(D)	Single-family residentially zoned lot or parcel which has installed offsite improvements including drainage, curbs, gutters, sidewalks, paved roads, and utilities as mandated by the political subdivision having jurisdiction over the lot or parcel.....	65%
(E)	Land that has been zoned for (and if required, approved for subdivision as) commercial or residential development	50%
(F)	Other real property	35%

(2) The percentage amounts specified in paragraph (1) may be exceeded when and to the extent that the broker determines that the encumbrance of the property in excess of these percentages is reasonable and prudent considering all relevant factors pertaining to the real property. However, in no event shall the aggregate principal amount of the notes or interests sold, together with the unpaid principal amount of any encumbrances upon the property senior thereto, exceed 80 percent of the current fair market value of improved real property or 50 percent of the current fair market value of unimproved real property, except in the case of a single-family zoned lot or parcel as defined in paragraph (1), which shall not exceed 65 percent of the current fair market value of that lot or parcel, plus the amount insured as specified in paragraph (1). A written statement shall be prepared by the broker that sets forth the material considerations and facts that the broker relies upon for his or her determination, which shall be retained as a part of the broker's record of the transaction. Either a copy of the statement or the information contained therein shall be included in the disclosures required pursuant to subdivision (*l*).

(3) A copy of the appraisal or the broker's evaluation, for each parcel of real property securing the notes or interests, shall be delivered to each purchaser. The broker shall advise purchasers of their right to receive a copy. For purposes of this paragraph, "appraisal" means a written estimate of value based upon the assembling, analyzing, and reconciling of facts and value indicators for the real property in question. A broker

shall not purport to make an appraisal unless the person so employed is qualified on the basis of special training, preparation, or experience.

(4) For construction or rehabilitation loans, the term "current market value" may be deemed to be the value of the completed project if the following safeguards are met:

(A) An independent neutral third-party escrowholder is used for all deposits and disbursements.

(B) The loan is fully funded, with the entire loan amount to be deposited in escrow prior to recording of the deed or deeds of trust.

(C) A comprehensive, detailed, draw schedule is used to ensure proper and timely disbursements to allow for completion of the project.

(D) The disbursement draws from the escrow account are based on verification from an independent qualified person who certifies that the work completed to date meets the related codes and standards and that the draws were made in accordance with the construction contract and draw schedule. For purposes of this subparagraph, "independent qualified person" means a person who is not an employee, agent, or affiliate of the broker and who is a licensed architect, general contractor, structural engineer, or active local government building inspector acting in his or her official capacity.

(E) An appraisal is completed by a qualified and licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP).

(F) In addition to the transaction documentation required by subdivision (i), the documentation shall include a detailed description of actions that may be taken in the event of a failure to complete the project, whether that failure is due to default, insufficiency of funds, or other causes.

(G) The entire amount of the loan does not exceed two million five hundred thousand dollars ($2,500,000).

(5) If a note or an interest will be secured by more than one parcel of real property, for the purpose of determining the maximum amount of the note or interest, each security property shall be assigned a portion of the note or interest which shall not exceed the percentage of current market value determined by, and in accordance with, the provisions of paragraphs (1) and (2).

(i) The documentation of the transaction shall require that (1) a default upon any interest or note is a default upon all interests or notes and (2) the holders of more than 50 percent of the recorded beneficial interests of the notes or interests may govern the actions to be taken on behalf of all holders in accordance with Section 2941.9 of the Civil Code in the event of default or foreclosure for matters that require direction or approval of the holders, including designation of the broker, servicing

agent, or other person acting on their behalf, and the sale, encumbrance, or lease of real property owned by the holders resulting from foreclosure or receipt of a deed in lieu of foreclosure. The terms called for by this subdivision may be included in the deed of trust, in the assignment of interests, or in any other documentation as is necessary or appropriate to make them binding on the parties.

(j) (1) The broker shall not accept any purchase or loan funds or other consideration from a prospective lender or purchaser, or directly or indirectly cause the funds or other consideration to be deposited in an escrow or trust account, except as to a specific loan or note secured by a deed of trust that the broker owns, is authorized to negotiate, or is unconditionally obligated to buy.

(2) All funds received by the broker from the purchasers or lenders shall be handled in accordance with Section 10145 for disbursement to the persons thereto entitled upon recordation of the interests of the purchasers or lenders in the note and deed of trust. No provision of this article shall be construed as modifying or superseding applicable law regulating the escrowholder in any transaction or the handling of the escrow account.

(3) The books and records of the broker or servicing agent, or both, shall be maintained in a manner that readily identifies transactions under this article and the receipt and disbursement of funds in connection with these transactions.

(4) If required by paragraph (3) of subdivision (k), the review by the independent certified public accountant shall include a sample of transactions, as reflected in the records of the trust account required pursuant to paragraph (1) of subdivision (k), and the bank statements and supporting documents. These documents shall be reviewed for compliance with this article with respect to the handling and distribution of funds. The sample shall be selected at random by the accountant from all these transactions and shall consist of the following: (A) three sales made or 5 percent of the sales made pursuant to this article during the period for which the examination is conducted, whichever is greater, and (B) 10 payments processed or 2 percent of payments processed under this article during the period for which the examination is conducted, whichever is greater.

(5) For the purposes of this subdivision, the transaction that constitutes a "sale" is the series of transactions by which a series of notes of a maker, or the interests in the note of a maker, are sold or issued to their various purchasers under this article, including all receipts and disbursements in that process of funds received from the purchasers or lenders. The transaction that constitutes a "payment," for the purposes of this subdivision, is the receipt of a payment from the person obligated on the

note or from some other person on behalf of the person so obligated, including the broker or servicing agent, and the distribution of that payment to the persons entitled thereto. If a payment involves an advance paid by the broker or servicing agent as the result of a dishonored check, the inspection shall identify the source of funds from which the payment was made or, in the alternative, the steps that are reasonably necessary to determine that there was not a disbursement of trust funds. The accountant shall inspect for compliance with the following specific provisions of this section: paragraphs (1), (2), and (3) of subdivision (j) and paragraphs (1) and (2) of subdivision (k).

(6) Within 30 days of the close of the period for which the report is made, or within any additional time as the commissioner may in writing allow in a particular case, the accountant shall forward to the broker or servicing agent, as the case may be, and to the commissioner, the report of the accountant, stating that the inspection was performed in accordance with this section, listing the sales and the payments examined, specifying the nature of the deficiencies, if any, noted by the accountant with respect to each sale or payment, together with any further information as the accountant may wish to include, such as corrective steps taken with respect to any deficiency so noted, or stating that no deficiencies were observed. If the broker meets the threshold criteria of Section 10232, the report of the accountant shall be submitted as part of the quarterly reports required under Section 10232.25.

(k) The notes or interests shall be sold subject to a written agreement that obligates a licensed real estate broker, or a person exempted from the licensing requirement for real estate brokers under this chapter, to act as agent for the purchasers or lenders to service the note or notes and deed of trust, including the receipt and transmission of payments and the institution of foreclosure proceedings in the event of a default. A copy of this servicing agreement shall be delivered to each purchaser. The broker shall offer to the lenders or purchasers the services of the broker or one or more affiliates of the broker, or both, as servicing agent for each transaction conducted pursuant to this article. The agreement shall require all of the following:

(1) (A) That payments received on the note or notes be deposited immediately to a trust account maintained in accordance with this section and with the provisions for trust accounts of licensed real estate brokers contained in Section 10145 and Article 15 (commencing with Section 2830.1) of Chapter 6 of Title 10 of the California Code of Regulations.

(B) That payments deposited pursuant to subparagraph (A) shall not be commingled with the assets of the servicing agent or used for any transaction other than the transaction for which the funds are received.

(2) That payments received on the note or notes shall be transmitted to the purchasers or lenders pro rata according to their respective interests within 25 days after receipt thereof by the agent. If the source for the payment is not the maker of the note, the agent shall inform the purchasers or lenders of the source for payment. A broker or servicing agent who transmits to the purchaser or lenders the broker's or servicing agent's own funds to cover payments due from the borrower but unpaid as a result of a dishonored check may recover the amount of the advances from the trust fund when the past due payment is received. However, this article does not authorize the broker, servicing agent, or any other person to issue, or to engage in any practice constituting, any guarantee or to engage in the practice of advancing payments on behalf of the borrower.

(3) If the broker or person who is or becomes the servicing agent for notes or interests sold pursuant to this article upon which the payments due during any period of three consecutive months in the aggregate exceed one hundred twenty-five thousand dollars ($125,000) or the number of persons entitled to the payments exceeds 120, the trust account or accounts of that broker or affiliate shall be inspected by an independent certified public accountant at no less than three-month intervals during the time the volume is maintained. Within 30 days after the close of the period for which the review is made, the report of the accountant shall be forwarded as provided in paragraph (6) of subdivision (j). If the broker is required to file an annual report pursuant to subdivision (o) or pursuant to Section 10232.2, the quarterly report pursuant to this subdivision need not be filed for the last quarter of the year for which the annual report is made. For the purposes of this subdivision, an affiliate of a broker is any person controlled by, controlling, or under common control with the broker.

(4) Unless the servicing agent will receive notice pursuant to Section 2924b of the Civil Code, the servicing agent shall file a request for notice of default upon any prior encumbrances and promptly notify the purchasers or lenders of any default on the prior encumbrances or on the note or notes subject to the servicing agreement.

(5) The servicing agent shall promptly forward copies of the following to each purchaser or lender:

(A) Any notice of trustee sale filed on behalf of the purchasers or lenders.

(B) Any request for reconveyance of the deed of trust received on behalf of the purchasers or lenders.

(*l*) The broker shall disclose in writing to each purchaser or lender the material facts concerning the transaction on a disclosure form adopted

or approved by the commissioner pursuant to Section 10232.5, subject to the following:

(1) The disclosure form shall include a description of the terms upon which the note and deed of trust are being sold, including the terms of the undivided interests being offered therein, including the following:

(A) In the case of the sale of an existing note:

(i) The aggregate sale price of the note.

(ii) The percent of the premium over or discount from the principal balance plus accrued but unpaid interest.

(iii) The effective rate of return to the purchasers if the note is paid according to its terms.

(iv) The name and address of the escrowholder for the transaction.

(v) A description of, and the estimated amount of, each cost payable by the seller in connection with the sale and a description of, and the estimated amount of, each cost payable by the purchasers in connection with the sale.

(B) In the case of the origination of a note:

(i) The name and address of the escrowholder for the transaction.

(ii) The anticipated closing date.

(iii) A description of, and the estimated amount of, each cost payable by the borrower in connection with the loan and a description of, and the estimated amount of, each cost payable by the lenders in connection with the loan.

(C) In the case of a transaction involving a note or interest secured by more than one parcel of real property, in addition to the requirements of subparagraphs (A) and (B):

(i) The address, description, and estimated fair market value of each property securing the loan.

(ii) The amount of the available equity in each property securing the loan after the loan amount to be apportioned to each property is assigned.

(iii) The loan to value percentage for each property after the loan amount to be apportioned to each property is assigned pursuant to subdivision (h).

(2) A copy of the written statement or information contained therein, as required by paragraph (2) of subdivision (h), shall be included in the disclosure form.

(3) Any interest of the broker or affiliate in the transaction, as described in subdivision (e), shall be included with the disclosure form.

(4) When the particular circumstances of a transaction make information not specified in the disclosure form material or essential to keep the information provided in the form from being misleading, and the other information is known to the broker, the other information shall also be provided by the broker.

(5) If more than one parcel of real property secures the notes or interests, the disclosure form shall also fully disclose any risks to investors associated with securing the notes or interests with multiple parcels of real property.

(m) The broker or servicing agent shall furnish any purchaser of a note or interest, upon request, with the names and addresses of the purchasers of the other notes or interests in the loan.

(n) No agreement in connection with a transaction covered by this article shall grant to the real estate broker, the servicing agent, or any affiliate of the broker or agent the option or election to acquire the interests of the purchasers or lenders or to acquire the real property securing the interests. This subdivision shall not prohibit the broker or affiliate from acquiring the interests, with the consent of the purchasers or lenders whose interests are being purchased, or the property, with the consent of the purchasers or lenders, if the consent is given at the time of the acquisition.

(o) Each broker who conducts transactions under this article, or broker or person who becomes the servicing agent for notes or interest sold pursuant to this article, who meets the criteria of paragraph (3) of subdivision (k) shall file with the commissioner an annual report of a review of its trust account. The report shall be prepared and filed in accordance with subdivision (a) of Section 10232.2 and the rules and procedures thereunder of the commissioner. That report shall cover the broker's transactions under this article and, if the broker also meets the threshold criteria set forth in Section 10232, the broker's transactions subject to that section shall be included as well.

(p) Each broker conducting transactions pursuant to this article, or broker or person who becomes the servicing agent for notes or interest sold pursuant to this article, who meets the criteria of paragraph (3) of subdivision (k) shall file with the commissioner a report of the transactions that is prepared in accordance with subdivision (c) of Section 10232.2. If the broker also meets the threshold criteria of Section 10232, the report shall include the transactions subject to that section as well. This report shall be confidential pursuant to subdivision (f) of Section 10232.2.

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.

CHAPTER 154

An act to amend Sections 3651, 3653, and 17560 of, and to add Sections 3047 and 17440 to, the Family Code, relating to child support, and declaring the urgency thereof to take effect immediately.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 3047 is added to the Family Code, to read:

3047. A party's absence, relocation, or failure to comply with custody and visitation orders shall not, by itself, be sufficient to justify a modification of a custody or visitation order if the reason for the absence, relocation, or failure to comply is the party's activation to military service and deployment out of state.

SEC. 2. Section 3651 of the Family Code is amended to read:

3651. (a) Except as provided in subdivisions (c) and (d) and subject to Article 3 (commencing with Section 3680) and Sections 3552, 3587, and 4004, a support order may be modified or terminated at any time as the court determines to be necessary.

(b) Upon the filing of a supplemental complaint pursuant to Section 2330.1, a child support order in the original proceeding may be modified in conformity with the statewide uniform guideline for child support to provide for the support of all of the children of the same parents who were named in the initial and supplemental pleadings, to consolidate arrearages and wage assignments for children of the parties, and to consolidate orders for support.

(c) (1) Except as provided in paragraph (2) and subdivision (b), a support order may not be modified or terminated as to an amount that accrued before the date of the filing of the notice of motion or order to show cause to modify or terminate.

(2) If a party to a support order is activated to United States military duty or National Guard service and deployed out of state, the service member may file and serve a notice of activation of military service and request to modify a support order, in lieu of a notice of motion or order to show cause, by informing the court and the other party of the request to modify the support order based on the change in circumstance. The

service member shall indicate the date of deployment, and if possible, the court shall schedule the hearing prior to that date. If the court cannot hear the matter prior to the date of deployment out of state, and the service member complies with the conditions set forth in the Servicemembers Civil Relief Act, Section 522 of the Appendix of Title 50 of the United States Code, the court shall grant a stay of proceedings consistent with the timelines for stays set forth in that section. If, after granting the mandatory stay required by Section 522 of the Appendix of Title 50 of the United States Code, the court fails to grant the discretionary stay described under the law, it shall comply with the federal mandate to appoint counsel to represent the interests of the deployed service member. The court may not proceed with the matter if it does not appoint counsel, unless the service member is represented by other counsel. If the court stays the proceeding until after the return of the service member, the service member shall request the court to set the matter for hearing within 90 days of return from deployment or the matter shall be taken off calendar and the existing order may not be made retroactive pursuant to subdivision (c) of Section 3653.

(3) A service member who does not file a notice of activation of military service and request to modify a support order or order to show cause or notice of motion prior to deployment out of state nonetheless shall not be subject to penalties otherwise authorized by Chapter 5 (commencing with Section 4720) of Part 5 on the amount of child support that would not have accrued if the order had been modified pursuant to paragraph (2), absent a finding by the court of good cause. Any such finding shall be stated on the record.

(4) Notwithstanding any other provision of law, no interest shall accrue on that amount of a child support obligation that would not have become due and owing if the activated service member modified his or her support order upon activation to reflect the change in income due to the activation. Upon a finding by the court that good cause did not exist for the service member's failure to seek, or delay in seeking, the modification, interest shall accrue as otherwise allowed by law.

(d) An order for spousal support may not be modified or terminated to the extent that a written agreement, or, if there is no written agreement, an oral agreement entered into in open court between the parties, specifically provides that the spousal support is not subject to modification or termination.

(e) This section applies whether or not the support order is based upon an agreement between the parties.

(f) This section is effective only with respect to a property settlement agreement entered into on or after January 1, 1970, and does not affect

an agreement entered into before January 1, 1970, as to which Chapter 1308 of the Statutes of 1967 shall apply.

(g) (1) The Judicial Council, no later than 90 days after the effective date of the act adding this section, shall develop any forms and procedures necessary to implement paragraph (2) of subdivision (c). The Judicial Council shall ensure that all forms adopted pursuant to this section are in plain language.

(2) The form developed by the Judicial Council, in addition to other items the Judicial Council determines to be necessary or appropriate, shall include the following:

(A) The date of deployment and all information relevant to the determination of the amount of child support, including whether the service member's employer will supplement the service member's income during the deployment.

(B) A notice informing the opposing party that, absent a finding of good cause, the order will be made retroactive to the date of service of the form or the date of deployment, whichever is later.

(C) Notice that the requesting party must notify the court and the other party upon return from military duty and seek to bring any unresolved request for modification to hearing within 90 days of return, or else lose the right to modify the order pursuant to this section.

SEC. 3. Section 3653 of the Family Code is amended to read:

3653. (a) An order modifying or terminating a support order may be made retroactive to the date of the filing of the notice of motion or order to show cause to modify or terminate, or to any subsequent date, except as provided in subdivision (b) or by federal law (42 U.S.C. Sec. 666(a)(9)).

(b) If an order modifying or terminating a support order is entered due to the unemployment of either the support obligor or the support obligee, the order shall be made retroactive to the later of the date of the service on the opposing party of the notice of motion or order to show cause to modify or terminate or the date of unemployment, subject to the notice requirements of federal law (42 U.S.C. Sec. 666(a)(9)), unless the court finds good cause not to make the order retroactive and states its reasons on the record.

(c) If an order modifying or terminating a support order is entered due to a change in income resulting from the activation to United States military service or National Guard duty and deployment out of state for either the support obligor or the support obligee, the order shall be made retroactive to the later of the date of the service on the opposing party of the notice of activation, notice of motion, order to show cause to modify or terminate, or the date of activation, subject to the notice requirements of federal law (42 U.S.C. Sec. 666(a)(9)), unless the court

finds good cause not to make the order retroactive and states its reasons on the record. Good cause shall include, but not be limited to, a finding by the court that the delay in seeking the modification was not reasonable under the circumstances faced by the service member.

(d) If an order decreasing or terminating a support order is entered retroactively pursuant to this section, the support obligor may be entitled to, and the support obligee may be ordered to repay, according to the terms specified in the order, any amounts previously paid by the support obligor pursuant to the prior order that are in excess of the amounts due pursuant to the retroactive order. The court may order that the repayment by the support obligee shall be made over any period of time and in any manner, including, but not limited to, by an offset against future support payments or wage assignment, as the court deems just and reasonable. In determining whether to order a repayment, and in establishing the terms of repayment, the court shall consider all of the following factors:

(1) The amount to be repaid.

(2) The duration of the support order prior to modification or termination.

(3) The financial impact on the support obligee of any particular method of repayment such as an offset against future support payments or wage assignment.

(4) Any other facts or circumstances that the court deems relevant.

SEC. 4. Section 17440 is added to the Family Code, to read:

17440. (a) The Department of Child Support Services shall work with all branches of the United States military and the National Guard to ensure that information is made available regarding the rights and abilities of activated service members to have their support orders modified based on a change in income resulting from their activation, or other change of circumstance affecting the child support calculation, or to have a portion of their child support arrearages compromised pursuant to Section 17560.

(b) No later than 90 days after the effective date of this section, the department shall develop a form for completion by the service member that will allow the local child support agency to proceed with a motion for modification without the service member being required to appear. The form shall contain only the information necessary for the local child support agency to proceed with the motion.

(c) Within five business days of receipt of a properly completed form, the local child support agency shall bring a motion to modify the support order. The local child support agency shall bring the motion if the change in circumstances would result in any change in the dollar amount of the support order.

(d) The department shall work with the United States military to have this form and the form developed pursuant to Section 3651 distributed at all mobilization stations or other appropriate locations to ensure timely notification to all activated personnel of their rights and responsibilities.

SEC. 5. Section 17560 of the Family Code is amended to read:

17560. (a) The department shall create a program establishing an arrears collection enhancement process pursuant to which the department may accept offers in compromise of child support arrears and interest accrued thereon owed to the state for reimbursement of aid paid pursuant to Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code. The program shall operate uniformly across California and shall take into consideration the needs of the children subject to the child support order and the obligor's ability to pay.

(b) If the obligor owes current child support, the offer in compromise shall require the obligor to be in compliance with the current support order for a set period of time before any arrears and interest accrued thereon may be compromised.

(c) Absent a finding of good cause, any offer in compromise entered into pursuant to this section shall be rescinded, all compromised liabilities shall be reestablished notwithstanding any statute of limitations that otherwise may be applicable, and no portion of the amount offered in compromise may be refunded, if either of the following occurs:

(1) The department or local child support agency determines that the obligor did any of the following acts regarding the offer in compromise:

(A) Concealed from the department or local child support agency any income, assets, or other property belonging to the obligor or any reasonably anticipated receipt of income, assets, or other property.

(B) Intentionally received, withheld, destroyed, mutilated, or falsified any information, document, or record, or intentionally made any false statement, relating to the financial conditions of the obligor.

(2) The obligor fails to comply with any of the terms and conditions of the offer in compromise.

(d) Pursuant to subdivision (k) of Section 17406, in no event may the administrator, director, or director's designee within the department, accept an offer in compromise of any child support arrears owed directly to the custodial party unless that party consents to the offer in compromise in writing and participates in the agreement. Prior to giving consent, the custodial party shall be provided with a clear written explanation of the rights with respect to child support arrears owed to the custodial party and the compromise thereof.

(e) Subject to the requirements of this section, the director may delegate to the administrator of a local child support agency the authority

to compromise an amount of child support arrears that does not exceed five thousand dollars ($5,000). Only the director or his or her designee may compromise child support arrears in excess of five thousand dollars ($5,000).

(f) For an amount to be compromised under this section, the following conditions shall exist:

(1) (A) The administrator, director or director's designee within the department determines that acceptance of an offer in compromise is in the best interest of the state and that the compromise amount equals or exceeds what the state can expect to collect for reimbursement of aid paid pursuant to Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code in the absence of the compromise, based on the obligor's ability to pay.

(B) Acceptance of an offer in compromise shall be deemed to be in the best interest of the state, absent a finding of good cause to the contrary, with regard to arrears that accrued as a result of a decrease in income when an obligor was a reservist or member of the National Guard, was activated to United States military service, and failed to modify the support order to reflect the reduction in income. Good cause to find that the compromise is not in the best interest of the state shall include circumstances in which the service member's failure to seek, or delay in seeking, the modification were not reasonable under the circumstances faced by the service member. The director, no later than 90 days after the effective date of the act adding this subparagraph, shall establish rules that compromise, at a minimum, the amount of support that would not have accrued had the order been modified to reflect the reduced income earned during the period of active military service.

(2) Any other terms and conditions that the director establishes that may include, but may not be limited to, paying current support in a timely manner, making lump sum payments, and paying arrears in exchange for compromise of interest owed.

(3) The obligor shall provide evidence of income and assets, including, but not limited to, wage stubs, tax returns, and bank statements and establish all of the following:

(A) That the amount set forth in the offer in compromise of arrears owed is the most that can be expected to be paid or collected from the obligor's present assets or income.

(B) That the obligor does not have reasonable prospects of acquiring increased income or assets that would enable the obligor to satisfy a greater amount of the child support arrears than the amount offered, within a reasonable period of time.

(C) That the obligor has not withheld payment of child support in anticipation of the offers in compromise program.

(g) A determination by the administrator, director or the director's designee within the department that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of child support arrears shall be final and not subject to the provisions of Chapter 5 (commencing with Section 17800) of Division 17, or subject to judicial review.

(h) Any offer in compromise entered into pursuant to this section shall be filed with the appropriate court. The local child support agency shall notify the court if the compromise is rescinded pursuant to subdivision (c).

(i) Any compromise of child support arrears pursuant to this section shall maximize to the greatest extent possible the state's share of the federal performance incentives paid pursuant to the Child Support Performance and Incentive Act of 1998 and shall comply with federal law.

(j) The department shall ensure uniform application of this section across the state.

(k) The department shall consult with the Franchise Tax Board in the development of the program established pursuant to this section.

(*l*) The department shall report to the Legislature on the results of the program established pursuant to this section no later than June 30, 2006.

(m) This section shall remain in effect only until January 1, 2007, and as of that date is repealed unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

SEC. 6. The amendments to Section 17560 of the Family Code made by this act shall apply to all service members deployed out of state, regardless of whether that deployment occurred before or after the effective date of this act.

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

SEC. 8. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that the parental rights of soldiers and sailors who return from active duty service in Iraq and Afghanistan on or before December 31, 2005, are protected to the same extent as those of soldiers

and sailors who return after that date, it is necessary that this act take effect immediately.

CHAPTER 155

An act to add Section 323 to the Military and Veterans Code, relating to military compensation.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 323 is added to the Military and Veterans Code, to read:

323. (a) A qualified member of the California National Guard Weapons of Mass Destruction Civil Support Team, as certified by the United States Department of Defense, is eligible to receive an annual State Retention Bonus in the amount of two thousand dollars ($2,000) at the completion of each year of service on the team.

(b) For purposes of this section, "qualified member" means a member of the California National Guard Weapons of Mass Destruction Civil Support Team who is certified as a hazardous materials specialist or technician under the laws of this state.

CHAPTER 156

An act to amend Section 14087.54 of the Welfare and Institutions Code, relating to health care, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 30, 2005. Filed with Secretary of State August 30, 2005.]

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

SECTION 1. Section 14087.54 of the Welfare and Institutions Code, as amended by Chapter 80 of the Statutes of 2005, is amended to read:

14087.54. (a) Any county or counties may establish a special commission in order to meet the problems of the delivery of publicly

assisted medical care in the county or counties and to demonstrate ways of promoting quality care and cost efficiency.

(b) (1) A county board of supervisors may, by ordinance, establish a commission to negotiate the exclusive contract specified in Section 14087.5 and to arrange for the provision of health care services provided pursuant to this chapter. The boards of supervisors of more than one county may also establish a single commission with the authority to negotiate an exclusive contract and to arrange for the provision of services in those counties. If a board of supervisors elects to enact this ordinance, all rights, powers, duties, privileges, and immunities vested in a county by this article shall be vested in the county commission. Any reference in this article to "county" shall mean a commission established pursuant to this section.

(2) The commission operating in Santa Cruz and Monterey Counties pursuant to this section may also enter into contracts for the provision of health care services to persons who are eligible to receive medical benefits under any publicly supported program, if the commission and participating providers acting pursuant to subcontracts with the commission agree to hold harmless the beneficiaries of the publicly supported programs if the contract between the sponsoring government agency and the commission does not ensure sufficient funding to cover program costs. The commission shall not use any payments or reserves from the Medi-Cal program for this purpose.

(3) In addition to the authority specified in paragraph (1), the board of supervisors may, by ordinance, authorize the commission established pursuant to this section to provide health care delivery systems for any or all of the following persons:

(A) Persons who are eligible to receive medical benefits under both Title 18 of the federal Social Security Act (42 U.S.C. Sec. 1395 et seq.) and Title 19 of the federal Social Security Act (42 U.S.C. Sec. 1396 et seq.).

(B) Persons who are eligible to receive medical benefits under Title 18 of the federal Social Security Act (42 U.S.C. Sec. 1395).

(4) For purposes of providing services to persons described in paragraph (3), if the commission seeks a contract with the federal Centers for Medicare and Medicaid Services to provide Medicare services as a Medicare Advantage program, the commission shall first obtain a license under the Knox-Keene Health Care Service Plan Act (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code).

(5) With respect to the provision of services for persons described in paragraph (3), the commission shall conform to applicable state licensing

and freedom of choice requirements as directed by the federal Centers for Medicare and Medicaid Services.

(6) Any material, provided to a person described in paragraph (3) who is dually eligible to receive medical benefits under both the Medi-Cal program and the Medicare Program, regarding the enrollment or availability of enrollment in Medicare services established by the commission shall include notice of all of the following information in the following format:

(A) Medi-Cal eligibility will not be lost or otherwise affected if the person does not enroll in the plan for Medicare benefits.

(B) The person is not required to enroll in the Medicare plan to be eligible for Medicare benefits.

(C) The person may have other choices for Medicare coverage and for further assistance may contact the federal Centers for Medicare and Medicaid Services (CMS) at 1-800-MEDICARE or <www.Medicare.gov>.

(D) The notice shall be in plain language, prominently displayed, and translated into any language other than English that the commission is required to use in communicating with Medi-Cal beneficiaries.

(c) It is the intent of the Legislature that if a county forms a commission pursuant to this section, the county shall, with respect to its medical facilities and programs occupy no greater or lesser status than any other health care provider in negotiating with the commission for contracts to provide health care services.

(d) The enabling ordinance shall specify the membership of the county commission, the qualifications for individual members, the manner of appointment, selection, or removal of commissioners, and how long they shall serve, and any other matters as a board of supervisors deems necessary or convenient for the conduct of the county commission's activities. A commission so established shall be considered an entity separate from the county or counties, shall be considered a public entity for purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code, and shall file the statement required by Section 53051 of the Government Code. The commission shall have in addition to the rights, powers, duties, privileges, and immunities previously conferred, the power to acquire, possess, and dispose of real or personal property, as may be necessary for the performance of its functions, to employ personnel and contract for services required to meet its obligations, to sue or be sued, and to enter into agreements under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code. Any obligations of a commission, statutory, contractual, or otherwise, shall be the obligations solely of the commission and shall not be the obligations of the county or of the state.

(e) Upon creation, a commission may borrow from the county or counties, and the county or counties may lend the commission funds, or issue revenue anticipation notes to obtain those funds necessary to commence operations.

(f) In the event a commission may no longer function for the purposes for which it was established, at such time as the commission's then existing obligations have been satisfied or the commission's assets have been exhausted, the board or boards of supervisors may by ordinance terminate the commission.

(g) Prior to the termination of a commission, the board or boards of supervisors shall notify the State Department of Health Services of its intent to terminate the commission. The department shall conduct an audit of the commission's records within 30 days of the notification to determine the liabilities and assets of the commission. The department shall report its findings to the board or boards within 10 days of completion of the audit. The board or boards shall prepare a plan to liquidate or otherwise dispose of the assets of the commission and to pay the liabilities of the commission to the extent of the commission's assets, and present the plan to the department within 30 days upon receipt of these findings.

(h) Upon termination of a commission by the board or boards, the county or counties shall manage any remaining assets of the commission until superseded by a department approved plan. Any liabilities of the commission shall not become obligations of the county or counties upon either the termination of the commission or the liquidation or disposition of the commission's remaining assets.

(i) Any assets of a commission shall be disposed of pursuant to provisions contained in the contract entered into between the state and the commission pursuant to this article.

SEC. 2. This act reinstates the amendments to Section 14087.54 of the Welfare and Institutions Code made by Chapter 13 of the Statutes of 2005 (Assembly Bill 65). The provisions added by this act shall have continuous operation from June 9, 2005.

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 reenact, as soon as possible, the amendments made to Section 14087.54 of the Welfare and Institutions Code by Chapter 13 of the Statutes of 2005 (Assembly Bill 65), which were inadvertently deleted by the subsequent amendment of that same section by Chapter 80 of the Statutes of 2005 (Assembly Bill 131), and thereby ensure uninterrupted authority for important changes in health care delivery

systems in certain geographical areas of the state, it is necessary that this act take effect immediately.

CHAPTER 157

An act to amend Section 23661.2 of, and to add Section 23661.3 to, the Business and Professions Code, and to amend Section 32101 of the Revenue and Taxation Code, relating to alcoholic beverages.

[Approved by Governor August 31, 2005. Filed with Secretary of State August 31, 2005.]

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

SECTION 1. Section 23661.2 of the Business and Professions Code is amended to read:

23661.2. Notwithstanding any other law, an individual or retail licensee in a state that affords California retail licensees or individuals an equal reciprocal shipping privilege, may ship, for personal use and not for resale, no more than two cases of wine (no more than nine liters each case) per month to any adult resident in this state. Delivery of a shipment pursuant to this subdivision shall not be deemed to constitute a sale in this state.

The shipping container of any wine sent into or out of this state under this section shall be clearly labeled to indicate that the container cannot be delivered to a minor or an intoxicated person.

SEC. 2. Section 23661.3 is added to the Business and Professions Code, to read:

23661.3. (a) Notwithstanding any law, rule, or regulation to the contrary, any person currently licensed in this state or any other state as a winegrower who obtains a wine direct shipper permit pursuant to this section may sell and ship wine directly to a resident of California, who is at least 21 years of age, for the resident's personal use and not for resale.

Before sending any shipment to a resident of California, the wine direct shipper permitholder must:

(1) File an application with the department.

(2) Pay a ten-dollar ($10) annual registration fee if the winegrower is not currently licensed by the department.

(3) Provide the department its California alcoholic beverage license number or a true copy of its current alcoholic beverage license issued by another state.

(4) Obtain from the department a wine direct shipper permit.

(5) Obtain a seller's permit or register with the State Board of Equalization pursuant to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

(b) A wine direct shipper permit authorizes the permitholder to do all of the following:

(1) Sell and ship wine to any person 21 years of age or older for his or her personal use and not for resale.

(2) Ship wine directly to a resident in this state only in containers that are conspicuously labeled with the words: "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 YEARS OR OLDER REQUIRED FOR DELIVERY."

(3) Ship wine only if the permitholder requires the carrier to obtain the signature of any individual 21 years of age or older before delivering any wine shipped to an individual in this state.

(4) If the permitholder is located outside of this state, report to the department no later than January 31 of each year, the total amount of wine shipped into the state during the preceding calendar year under the wine direct shipper permit.

(5) If the permitholder is located outside of this state, pay to the State Board of Equalization all sales and use taxes, and excise taxes on sales to residents of California under the wine direct shipper permit. For excise tax purposes, all wine sold pursuant to a direct shipper permit shall be deemed to be wine sold in this state.

(6) If located within this state, provide the department any necessary additional information not currently provided to ensure compliance with this section.

(7) Permit the department or the State Board of Equalization to perform an audit of the wine direct shipper permitholder's records upon request.

(8) Be deemed to have consented to the jurisdiction of the department or any other state agency and the California courts concerning enforcement of this section any related laws, rules, or regulations.

(d) A wine direct shipper permitholder located outside of the state may annually renew its permit with the department by paying a ten-dollar ($10) renewal registration fee and providing the department with a true copy of its current alcoholic beverage license issued by another state. A wine direct shipper permitholder located in California shall renew its wine direct shipper permit in conjunction with its master license. For purposes of this section, "master license" means a winegrower's license issued by the department.

(e) The department and the State Board of Equalization may promulgate rules and regulations to effectuate the purposes of this law.

(f) The department may enforce the requirements of this section by administrative proceedings to suspend or revoke the wine direct shipper permit, and the department may accept payment of an offer in compromise in lieu of suspension as provided by this division. Any hearing held pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code against a permitholder outside of California shall be held in Sacramento.

(g) Sales and shipments of wine direct to consumers in California from winegrowers who do not possess a current wine direct shipper permit from the department are prohibited. Any person who knowingly makes, participates in, transports, imports, or receives such a shipment is guilty of a misdemeanor pursuant to Section 25617.

SEC. 3. Section 32101 of the Revenue and Taxation Code is amended to read:

32101. The issuance of any manufacturer's, winegrower's, wine blender's, distilled spirits manufacturer's agent's, rectifier's, wholesaler's, importer's, customs broker's license, or wine direct shipper permit under Division 9 (commencing with Section 23000) of the Business and Professions Code shall constitute the registration of the person to whom the license or permit is issued as a taxpayer under this part. Upon the issuance of any of these licenses the Department of Alcoholic Beverage Control shall furnish a copy thereof to the board.

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.

CHAPTER 158

An act to add Section 19460.5 to the Education Code, to amend Sections 8654, 8680, 8680.4, 8680.5, 8682.9, 8685, 8686.4, 8687, 8687.4, 24009, 26202.1, 66442, and 66442.5 of, to amend the heading of Chapter 7.5 (commencing with Section 8680) of Division 1 of Title 2 of, to add Sections 25210.3c and 61226.5 to, to repeal Sections 1228.6, 8680.6, 8686.6, 8690.8, 8691, 8692, 25841, and 50279.4 of, to repeal Article 3.5 (commencing with Section 51939.50) of Chapter 5 of Part 2 of Division 1 of Title 5 of, and to repeal Chapter 3 (commencing with Section 51700) of Part 2 of Division 1 of Title 5 of, the Government

Code, to add Sections 5900.11, 6064, 6272, 6860.5, and 7053.5 to the Harbors and Navigation Code, to amend Sections 2043, 2054, 11372.5, and 13868 of, and to add Sections 2853, 4766.5, 6491.5, and 32107 to, the Health and Safety Code, to add Section 1190.5 to the Military and Veterans Code, to amend Section 1463.14 of the Penal Code, to amend Sections 5557.2, 5786.9, 5786.31, 8801, 8802, 8809, 8813, 8815.1, 8815.2, 8815.4, 8819, 9313, and 26582 of, to add Sections 8813.1, 8813.2, 8813.3, and 8815.5 to, and to add Chapter 3 (commencing with Section 8850), Chapter 4 (commencing with Section 8870), and Chapter 5 (commencing with Section 8890) to Division 8 of, the Public Resources Code, to amend Sections 12772, 16486, 16489, 132352, 170006, 170016, 170018, 170042, 170062, and 170084 of, to add Sections 16044, 22411, and 170041 to, and to repeal Sections 170010, 170012, and 170014 of, the Public Utilities Code, and to amend Section 21403 of, and to add Sections 30525.5, 35307, 40657.5, 50942, 55333.5, 71282, and 74228.5 to, the Water Code, relating to general government.

[Approved by Governor August 31, 2005. Filed with Secretary of State August 31, 2005.]

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 2005.

(b) The Legislature finds and declares that Californians want their governments to be funded efficiently and economically and that public officials should avoid waste and duplication whenever possible. The Legislature further finds and declares that it desires to control its own costs by reducing the number of separate bills. Therefore, it is the intent of the Legislature in enacting this act to combine several minor, noncontroversial statutory changes relating to local government into a single measure.

SEC. 2. Section 19460.5 is added to the Education Code, to read:

19460.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 3. Section 1228.6 of the Government Code is repealed.

SEC. 3.1. Section 8654 of the Government Code is amended to read:

8654. (a) Whenever the Governor has proclaimed a state of emergency and the President has declared an emergency or a major disaster to exist in this state, the Governor may do any of the following:

(1) Enter into purchases, leases, or other arrangements with any agency of the United States for temporary housing units to be occupied by

disaster victims and make those units available to any political subdivision for that purpose.

(2) Assist any political subdivision within which temporary housing for disaster victims is proposed to be located to acquire sites necessary for that temporary housing and to do all things required to prepare those sites to receive and utilize temporary housing units by advancing or lending any funds available to the Governor from any appropriation made by the Legislature or from any other source, by transmitting any funds made available by any public or private agency, or by acting in cooperation with the political subdivision for the execution and performance of any project for temporary housing for disaster victims, and for those purposes to pledge the credit of the state on terms as the Governor declares necessary under the circumstances, having due regard for current financial obligations of the state.

(3) Under regulations as the Governor shall make, temporarily suspend or modify for not to exceed 60 days any public health, safety, zoning, or intrastate transportation law, ordinance, or regulation when by proclamation he or she declares the suspension or modification essential to provide temporary housing for disaster victims.

(4) Upon his or her determination that financial assistance is essential to meet disaster-related necessary expenses or serious needs of individuals or households adversely affected by a Presidential declaration of a major disaster or emergency that cannot be otherwise adequately met from other means of assistance, accept assistance in the form of grants by the federal government to fund that financial assistance, subject to those terms and conditions as may be imposed upon the grant.

(5) Enter into an agreement with the federal government, or any officer or agency thereof, pledging the state to participate in the funding of any grant accepted pursuant to paragraph (1), in an amount not to exceed 25 percent thereof, and, if state funds are not otherwise available to the Governor, accept an advance of the state share from the federal government to be repaid when the state is able to do so.

(6) Notwithstanding any other provision of law, make financial grants available to meet disaster-related necessary expenses or serious needs of individuals or households adversely affected by a Presidential declaration of a major disaster or emergency in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act and Sections 13600 and 13601 of the Welfare and Institutions Code.

(b) Whenever the President at the request of the Governor declares a major disaster to exist in this state, the Governor may do any of the following:

(1) Upon his or her determination that a local government will suffer a substantial loss of tax and other revenues from a major disaster and

has demonstrated a need for financial assistance to perform its governmental functions, apply to the federal government, on behalf of the local government, for a loan, and receive and disburse the proceeds of that loan to the local government.

(2) Determine the amount needed by a local government to restore or resume its governmental functions, and certify that amount to the federal government. However, that amount shall not exceed 25 percent of the annual operating budget of the local government for the fiscal year in which the major disaster has occurred.

(3) Recommend to the federal government, after reviewing the matter, the cancellation of all or any part of a loan made pursuant to paragraph (2) when during the period of three full fiscal years immediately following the major disaster, the revenues of the local government are insufficient to meet its operating expenses, including disaster-related expenses incurred by the local government.

(c) The Governor shall make those regulations as are necessary in carrying out the purposes of paragraphs (4), (5), and (6) of subdivision (a), including, but not limited to: standards of eligibility for persons applying for benefits; procedures for application and administration; methods of investigation, processing, and approving applications; formation of local or statewide review boards to pass upon applications; and procedures for appeals.

(d) Any political subdivision is expressly authorized to acquire, temporarily or permanently, by purchase, lease, or otherwise, sites required for installation of temporary housing units for disaster victims, and to enter into whatever arrangements (including purchase of temporary housing units and payment of transportation charges) are necessary to prepare or equip the sites to utilize the housing units.

(e) Any person who fraudulently makes any misstatement of fact in connection with an application for financial assistance under this section shall, upon conviction of each offense, be guilty of a misdemeanor punishable by a fine of not more than five thousand dollars ($5,000), or imprisonment for not more than one year, or both.

(f) The terms "major disaster," "emergency," and "temporary housing," as used in this section, shall have the same meaning as those terms are defined or used in the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288, as amended by P.L. 100-707). It is the intent of the Legislature in enacting this section that it shall be liberally construed to effectuate the purposes of that federal act.

SEC. 3.2. 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. CALIFORNIA DISASTER ASSISTANCE ACT

SEC. 3.3. Section 8680 of the Government Code is amended to read:

8680. This chapter shall be known and may be cited as the California Disaster Assistance Act.

SEC. 3.4. 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, streets, roads, bridges, highways, 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. 3.5. 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 all damage to public real property that resulted from a disaster within the total jurisdiction of the local agency making application and other activities and expenses as allowed in Section 8685.

SEC. 3.6. Section 8680.6 of the Government Code is repealed.

SEC. 3.7. Section 8682.9 of the Government Code is amended to read:

8682.9. The director shall adopt regulations, as necessary, to govern the administration of the disaster assistance program authorized by this chapter in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3). These regulations shall include specific project eligibility requirements, a procedure for local governments to request the implementation of programs under this chapter, and a method for evaluating these requests by the Office of Emergency Services.

SEC. 3.8. 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 disaster assistance programs, as otherwise eligible under this act.

(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 and operated by the Federal Emergency Management Agency.

SEC. 3.9. Section 8686.4 of the Government Code is amended to read:

8686.4. (a) Whenever the local agency and the director determine for projects that the general public and state interest will be better served by replacing a damaged or destroyed facility with a facility that will more adequately serve the present and future public needs than would be accomplished merely by repairing or restoring the damaged or destroyed facility, the director shall authorize the replacement, including, in the case of a public building, an increase in the square footage of the building replaced, but the cost of the betterment of the facility, to the extent that it exceeds the cost of repairing or restoring the damaged or destroyed facility, shall be borne and contributed by the local agency, and the excess cost shall be excluded in determining the amount to be allocated by the state. The state contribution shall not exceed the net cost of restoring each facility on the basis of the design of the facility as it existed immediately prior to the disaster in conformity with current codes, specifications, and standards.

(b) Notwithstanding subdivision (a), when the director determines there are mitigation measures that are cost effective and that substantially reduce the risk of future damage, hardship, loss, or suffering in any area where a state of emergency has been proclaimed by the Governor, the director may authorize the implementation of those measures.

SEC. 3.10. Section 8686.6 of the Government Code is repealed.

SEC. 3.11. Section 8687 of the Government Code is amended to read:

8687. Deferred payments made by a local agency pursuant to Section 8686.8 shall be made by the agency:

(a) Out of the current revenues of the local agency.

(b) If the current revenues of a city, county, or city and county, prove insufficient to enable the agency to meet the payments, the director may order the State Controller to withhold from the local agency funds that the local agency would be entitled from the state, including, as to street and highway projects as defined by Sections 590 and 592 of the Vehicle Code, from the Motor Vehicle License Fee Fund to the extent necessary to meet the deficiency.

Those sums shall be credited to the funds in the State Treasury from which the loans were made.

SEC. 3.12. Section 8687.4 of the Government Code is amended to read:

8687.4. Whenever the director determines that a local agency which would otherwise be eligible for funds under the formula of Section 8686 is unable to finance a project due to exhaustion of its financial resources because of disaster expenditures, the director may allocate funds to pay such portion of the cost of the project as the director determines is necessary to accomplish the projects.

SEC. 3.13. Section 8690.8 of the Government Code is repealed.

SEC. 3.14. Section 8691 of the Government Code is repealed.

SEC. 3.15. Section 8692 of the Government Code is repealed.

SEC. 4. Section 24009 of the Government Code is amended to read:

24009. (a) Except as provided in subdivision (b), the county officers to be elected by the people are the treasurer, county clerk, auditor, sheriff, tax collector, district attorney, recorder, assessor, public administrator, and coroner.

(b) Except for those officers named in subdivision (b) of Section 1 of Article XI of the California Constitution, any county office that is required to be elective may become an appointive office pursuant to this subdivision. In order to change an office from elective to appointive, a proposal shall be presented to the voters of the county and approved by a majority of the votes cast on the proposition. A proposal shall be submitted to the voters by the county board of supervisors or it may be submitted to the voters pursuant to the qualification of an initiative petition as provided in Chapter 2 (commencing with Section 9100) of Division 9 of the Elections Code. Any county office changed from elective to appointive in accordance with this subdivision may be changed back from appointive to elective in the same manner.

SEC. 5. Section 25210.3c is added to the Government Code, to read:

25210.3c. A county service area may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6.

SEC. 6. Section 25841 of the Government Code is repealed.

SEC. 7. Section 26202.1 of the Government Code is amended to read:

26202.1. The board may authorize the destruction or disposition of any unaccepted bid or proposal for the construction or installation of any building, structure, bridge, or highway or other public works which is more than two years old.

SEC. 7.5. Section 50279.4 of the Government Code is repealed.

SEC. 8. Chapter 3 (commencing with Section 51700) of Part 2 of Division 1 of Title 5 of the Government Code is repealed.

SEC. 9. Article 3.5 (commencing with Section 51939.50) of Chapter 5 of Part 2 of Division 1 of Title 5 of the Government Code is repealed.

SEC. 10. Section 61226.5 is added to the Government Code, to read:

61226.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6.

SEC. 11. Section 66442 of the Government Code is amended to read:

66442. (a) If a subdivision for which a final map is required lies within an unincorporated area, a certificate or statement by the county surveyor is required. If a subdivision lies within a city, a certificate or statement by the city engineer or city surveyor is required. The appropriate official shall sign, date, and, below or immediately adjacent to the signature, indicate his or her registration or license number with expiration date and the stamp of his or her seal, state that:

(1) He or she has examined the map.

(2) The subdivision as shown is substantially the same as it appeared on the tentative map, and any approved alterations thereof.

(3) All provisions of this chapter and of any local ordinances applicable at the time of approval of the tentative map have been complied with.

(4) He or she is satisfied that the map is technically correct.

(b) City or county engineers registered as civil engineers after January 1, 1982, shall only be qualified to certify the statements of paragraphs (1), (2), and (3) of subdivision (a). The statement specified in paragraph (4) shall only be certified by a person authorized to practice land surveying pursuant to the Professional Land Surveyors' Act (Chapter 15 (commencing with Section 8700) of Division 3 of the Business and Professions Code) or a person registered as a civil engineer prior to January 1, 1982, pursuant to the Professional Engineers' Act (Chapter 7 (commencing with Section 6700) of Division 3 of the Business and Professions Code). The county surveyor, the city surveyor, or the city engineer, as the case may be, or other public official or employee

qualified and authorized to perform the functions of one of those officials, shall complete and file with his or her legislative body his or her certificate or statement, as required by this section, within 20 days from the time the final map is submitted to him or her by the subdivider for approval.

SEC. 12. Section 66442.5 of the Government Code is amended to read:

66442.5. The following statements shall appear on a final map:

(a) Engineer's (surveyor's) statement:

This map was prepared by me or under my direction and is based upon a field survey in conformance with the requirements of the Subdivision Map Act and local ordinance at the request of (name of person authorizing map) on (date). I hereby state that all the monuments are of the character and occupy the positions indicated or that they will be set in those positions before (date), and that the monuments are, or will be, sufficient to enable the survey to be retraced, and that this final map substantially conforms to the conditionally approved tentative map.

(Signed) _____
R.C.E. (or L.S.) No. _____

(b) Recorder's certificate or statement.

Filed this ___ day of ____, 20__, at ____m. in Book ____ of ____, at page ____, at the request of _____.

Signed _____
County Recorder

SEC. 13. Section 5900.11 is added to the Harbors and Navigation Code, to read:

5900.11. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 14. Section 6064 is added to the Harbors and Navigation Code, to read:

6064. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 15. Section 6272 is added to the Harbors and Navigation Code, to read:

6272. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 16. Section 6860.5 is added to the Harbors and Navigation Code, to read:

6860.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 17. Section 7053.5 is added to the Harbors and Navigation Code, to read:

7053.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 18. Section 2043 of the Health and Safety Code is amended to read:

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) A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 19. Section 2054 of the Health and Safety Code is amended to read:

2054. Whenever the boundaries of a district or a zone change, the district shall comply with Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code.

SEC. 20. Section 2853 is added to the Health and Safety Code, to read:

2853. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 21. Section 4766.5 is added to the Health and Safety Code, to read:

4766.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 22. Section 6491.5 is added to the Health and Safety Code, to read:

6491.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 23. Section 11372.5 of the Health and Safety Code is amended to read:

11372.5. (a) Every person who is convicted of a violation of Section 11350, 11351, 11351.5, 11352, 11355, 11358, 11359, 11361, 11363, 11364, 11368, 11375, 11377, 11378, 11378.5, 11379, 11379.5, 11379.6, 11380, 11380.5, 11382, 11383, 11390, 11391, or 11550 or subdivision (a) or (c) of Section 11357, or subdivision (a) of Section 11360 of this code, or Section 4230 of the Business and Professions Code shall pay a criminal laboratory analysis fee in the amount of fifty dollars ($50) for each separate offense. The court shall increase the total fine necessary to include this increment.

With respect to those offenses specified in this subdivision for which a fine is not authorized by other provisions of law, the court shall, upon conviction, impose a fine in an amount not to exceed fifty dollars ($50), which shall constitute the increment prescribed by this section and which shall be in addition to any other penalty prescribed by law.

(b) The county treasurer shall maintain a criminalistics laboratories fund. The sum of fifty dollars ($50) shall be deposited into the fund for every conviction under Section 11350, 11351, 11351.5, 11352, 11355, 11358, 11359, 11361, 11363, 11364, 11368, 11375, 11377, 11378, 11378.5, 11379, 11379.5, 11379.6, 11380, 11380.5, 11382, 11383, 11390, 11391, or 11550, subdivision (a) or (c) of Section 11357, or subdivision (a) of Section 11360 of this code, or Section 4230 of the Business and Professions Code, in addition to fines, forfeitures, and other moneys which are transmitted by the courts to the county treasurer pursuant to Section 11502. The deposits shall be made prior to any transfer pursuant to Section 11502. The county may retain an amount of this money equal to its administrative cost incurred pursuant to this section. Moneys in the criminalistics laboratories fund shall, except as otherwise provided in this section, be used exclusively to fund (1) costs incurred by criminalistics laboratories providing microscopic and chemical analyses for controlled substances, in connection with criminal investigations conducted within both the incorporated or unincorporated portions of the county, (2) the purchase and maintenance of equipment for use by these laboratories in performing the analyses, and (3) for

continuing education, training, and scientific development of forensic scientists regularly employed by these laboratories. Moneys in the criminalistics laboratory fund shall be in addition to any allocations pursuant to existing law. As used in this section, "criminalistics laboratory" means a laboratory operated by, or under contract with, a city, county, or other public agency, including a criminalistics laboratory of the Department of Justice, (1) which has not less than one regularly employed forensic scientist engaged in the analysis of solid-dose controlled substances, and (2) which is registered as an analytical laboratory with the Drug Enforcement Administration of the United States Department of Justice for the possession of all scheduled controlled substances. In counties served by criminalistics laboratories of the Department of Justice, amounts deposited in the criminalistics laboratories fund, after deduction of appropriate and reasonable county overhead charges not to exceed 5 percent attributable to the collection thereof, shall be paid by the county treasurer once a month to the Controller for deposit into the state General Fund, and shall be excepted from the expenditure requirements otherwise prescribed by this subdivision.

(c) The county treasurer shall, at the conclusion of each fiscal year, determine the amount of any funds remaining in the special fund established pursuant to this section after expenditures for that fiscal year have been made for the purposes herein specified. The board of supervisors may, by resolution, assign the treasurer's duty to determine the amount of remaining funds to the auditor or another county officer. The county treasurer shall annually distribute those surplus funds in accordance with the allocation scheme for distribution of fines and forfeitures set forth in Section 11502.

SEC. 24. Section 13868 of the Health and Safety Code is amended to read:

13868. (a) A district board shall keep a record of all its acts, including its financial transactions.

(b) A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 25. Section 32107 is added to the Health and Safety Code, to read:

32107. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 26. Section 1190.5 is added to the Military and Veterans Code, to read:

1190.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 27. Section 1463.14 of the Penal Code is amended to read:

1463.14. (a) Notwithstanding the provisions of Section 1463, of the moneys deposited with the county treasurer pursuant to Section 1463, fifty dollars ($50) of each fine collected for each conviction of a violation of Section 23103, 23104, 23152, or 23153 of the Vehicle Code shall be deposited in a special account which shall be used exclusively to pay for the cost of performing for the county, or a city or special district within the county, analysis of blood, breath or urine for alcohol content or for the presence of drugs, or for services related to that testing. The sum shall not exceed the reasonable cost of providing the services for which the sum is intended.

On November 1 of each year, the treasurer of each county shall determine those moneys in the special account that were not expended during the preceding fiscal year, and shall transfer those moneys into the general fund of the county. The board of supervisors may, by resolution, assign the treasurer's duty to determine the amount of money that was not expended to the auditor or another county officer. The county may retain an amount of that money equal to its administrative cost incurred pursuant to this section, and shall distribute the remainder pursuant to Section 1463. If the account becomes exhausted, the public entity ordering a test performed pursuant to this subdivision shall bear the costs of the test.

(b) The board of supervisors of a county may, by resolution, authorize an additional penalty upon each defendant convicted of a violation of Section 23152 or 23153 of the Vehicle Code, of an amount equal to the cost of testing for alcohol content, less the fifty dollars ($50) deposited as provided in subdivision (a). The additional penalty authorized by this subdivision shall be imposed only in those instances where the defendant has the ability to pay, but in no case shall the defendant be ordered to pay a penalty in excess of fifty dollars ($50). The penalty authorized shall be deposited directly with the county, or city or special district within the county, which performed the test, in the special account described in subdivision (a), and shall not be the basis for any additional assessment pursuant to Section 1464 or 1465, or Chapter 12 (commencing with Section 76010) of Title 8 of the Government Code.

For purposes of this subdivision, "ability to pay" means the overall capability of the defendant to pay the additional penalty authorized by this subdivision, taking into consideration all of the following:

(1) Present financial obligations, including family support obligations, and fines, penalties, and other obligations to the court.

(2) Reasonably discernible future financial position over the next 12 months.

(3) Any other factor or factors which may bear upon the defendant's financial ability to pay the additional penalty.

(c) The Department of Justice shall promulgate rules and regulations to implement the provisions of this section.

SEC. 28. Section 5557.2 of the Public Resources Code is amended to read:

5557.2. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 29. Section 5786.9 of the Public Resources Code is amended to read:

5786.9. (a) A district shall have perpetual succession.

(b) A board of directors may, by a four-fifths vote of its total membership, adopt a resolution to change the name of the 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. The board of directors shall not change the name of the district to the name of any living individual. Within 10 days of its adoption, the board of directors 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) A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 29.1. Section 5786.31 of the Public Resources Code is amended to read:

5786.31. Whenever the boundaries of a district or a zone change, the district shall comply with Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code.

SEC. 29.2. 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) "CSRN" means the California Spatial Reference Network, as defined by Chapter 3 (commencing with Section 8850), "Geodetic Datums and the California Spatial Reference Network."

(10) "GPS" means Global Positioning System and includes other, similar space-based systems.

(11) "FGDC" means the Federal Geographic Data Committee or its successor.

(d) The use of the term "State Plane Coordinates" refers only to CCS27 and CCS83 coordinates.

SEC. 29.3. Section 8802 of the Public Resources Code is amended to read:

8802. For CCS27, the state is divided into seven zones. For CCS83, the state is divided into six zones. Zone 7 of CCS27, which encompasses Los Angeles County, is eliminated and the area is included in Zone 5 of CCS83.

Each zone of CCS27 is a Lambert conformal conic projection based on Clarke's Spheroid of 1866, which is the basis of NAD27. The points of control of zones one to six, inclusive, bear the coordinates: Northing (y) = 000.00 feet and Easting (x) = 2,000,000 feet. The point of control of Zone 7 bears the coordinates: Northing (y) = 4,160,926.74 feet and Easting (x) = 4,186,692.58 feet.

Each zone of CCS83 is a Lambert conformal conic projection based on the Geodetic Reference System of 1980, which is the basis of NAD83. The point of control of each of the six zones bear the coordinates: Northing (y) = 500,000 meters and Easting (x) = 2,000,000 meters.

The area included in the following counties constitutes Zone 1 of CCS27 and CCS83: Del Norte, Humboldt, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama, and Trinity.

The area included in the following counties constitutes Zone 2 of CCS27 and CCS83: Alpine, Amador, Butte, Colusa, El Dorado, Glenn,

Lake, Mendocino, Napa, Nevada, Placer, Sacramento, Sierra, Solano, Sonoma, Sutter, Yolo, and Yuba.

The area included in the following counties constitutes Zone 3 of CCS27 and CCS83: Alameda, Calaveras, Contra Costa, Madera, Marin, Mariposa, Merced, Mono, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Stanislaus, and Tuolumne.

The area included in the following counties constitutes Zone 4 of CCS27 and CCS83: Fresno, Inyo, Kings, Monterey, San Benito, and Tulare.

The area included in the following counties and Channel Islands constitutes Zone 5 of CCS27: Kern, San Bernardino, San Luis Obispo, Santa Barbara (excepting Santa Barbara Island), and Ventura (excepting San Nicholas Island) and the Channel Islands of Santa Cruz, Santa Rosa, San Miguel, and Anacapa.

The area included in the following counties and Channel Islands constitutes Zone 5 of CCS83: Kern, Los Angeles (excepting San Clemente and Santa Catalina Islands), San Bernardino, San Luis Obispo, Santa Barbara (excepting Santa Barbara Island), and Ventura (excepting San Nicholas Island) and the Channel Islands of Santa Cruz, Santa Rosa, San Miguel, and Anacapa.

The area included in the following counties and Channel Islands constitutes Zone 6 of CCS27 and CCS83: Imperial, Orange, Riverside, and San Diego and the Channel Islands of San Clemente, Santa Catalina, Santa Barbara, and San Nicholas.

The area included in Los Angeles County constitutes Zone 7 of CCS27.

SEC. 29.4. Section 8809 of the Public Resources Code is amended to read:

8809. Zone 7 coordinates shall be named, and, on any map on which they are used, they shall be designated as "CCS27, Zone 7."

On its respective spheroid of reference: (1) the standard parallels of CCS27, Zone 7 are at north latitudes 33 degrees 52 minutes and 34 degrees 25 minutes, along which parallels the scale shall be exact; and (2) the point of control of coordinates is at the intersection of the zone's central meridian, which is at 118 degrees 20 minutes west longitude, with the parallel 34 degrees 08 minutes north latitude.

SEC. 29.5. Section 8813 of the Public Resources Code is amended to read:

8813. After December 31, 1999, and prior to January 1, 2006, any survey or map that uses state plane coordinates shall be based on, and show, field-observed direct connections to at least two horizontal reference stations that are one of the following:

(a) Included in the CSRN.

(b) Located outside the State of California and meet all the requirements for inclusion in the CSRN, 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. 29.6. Section 8813.1 is added to the Public Resources Code, to read:

8813.1. After December 31, 2005, any survey that uses or establishes a CCS83 value or values shall meet all of the following requirements:

(a) The survey shall be referenced to and shall have field-observed statistically independent connections to one or more horizontal reference stations that is or are one of the following:

(1) CSRN station.

(2) Geodetic control station located outside of the State of California that meets all the requirements for inclusion in the CSRN except that the station is outside California.

(3) Existing CCS83 station that:

(A) Is shown on a map filed with the applicable county surveyor by a public officer, subdivision map, corner record, or record of survey.

(B) Meets all the requirements for inclusion in the CSRN, except that the station and its data are not published by NGS or CSRC.

(C) Has an accuracy, conforming to the applicable CSRN requirements, stated for the station's value.

(4) Existing CCS83 station that:

(A) Is shown on a public map or document that is compiled and maintained by the applicable county surveyor.

(B) Meets all the requirements for inclusion in the CSRN, except that the station and its data are not published by NGS or CSRC.

(C) Has an accuracy, conforming to the applicable CSRN requirements, stated for the station's value.

(b) If an accuracy is to be claimed for the CCS83 value or values established, the claimed accuracy shall be an accuracy standard published by FGDC or FGCS.

SEC. 29.7. Section 8813.2 is added to the Public Resources Code, to read:

8813.2. After December 31, 2005, if an accuracy is claimed for a CCS83 value or values, the survey that established the value or values shall be documented on a map, record of survey, corner record, or other

document that includes, in addition to other requirements in this chapter, the following:

(a) For each CCS83 station, the resultant CCS83 value or values.

(b) The FGDC or FGCS accuracy standard of the CCS83 value or values established. FGDC accuracies shall be identified as either a local or network accuracy.

(c) Additional written data that justifies the FGDC or FGCS accuracy standard shown. Such additional written data shall include observation equipment, control diagram including required field-observed statistically independent connection or connections, adjustment methodology and software used, a summary of the procedures used or a reference to published commonly accepted procedural specifications, final residuals or closures, and other data essential for others to evaluate the survey.

SEC. 29.8. Section 8813.3 is added to the Public Resources Code, to read:

8813.3. (a) After December 31, 2005, when a survey that uses or establishes a CCS83 value or values is shown on any document, the station or stations to which the CCS83 value or values are referenced and connected and the CCS83 value or values and the published or stated accuracy or accuracies of that reference station or stations shall be shown also on the document.

(b) If a CCS83 survey begins before January 1, 2006, and is not completed by that date, the CCS83 survey may be completed in accordance with Sections 8813 and 8815.4 of this chapter or Sections 8813.1, 8813.2, and 8813.3 of this chapter, at the surveyor's option. All other applicable provisions of this chapter remain applicable.

SEC. 29.9. Section 8815.1 of the Public Resources Code is amended to read:

8815.1. When CCS83 coordinates are shown on any map, corner record, or other document, the map, corner record, or document shall state the epoch (date), in a decimal year format to two decimal places, that is the basis of the coordinate values shown. The epoch shall be shown on the map, corner record, or other 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; examples, "CCS83 (1991.35)," "CCS83 (2002.00)," and so forth.

SEC. 29.10. 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 published NGS or CSRC epoch of a published coordinate for a controlling station used for that survey. Such surveys performed after December 31, 1999, shall be based on the "1991.35" epoch or a subsequent published NGS or CSRC epoch.

SEC. 29.11. Section 8815.4 of the Public Resources Code is amended 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 other document prior to January 1, 2006, that map, corner record, or other 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. 29.12. Section 8815.5 is added to the Public Resources Code, to read:

8815.5. When CCS83 coordinates are shown on any map, corner record, or record of survey, a mapping angle, combined grid factor, and the elevation used to determine the combined grid factor shall be shown on the map, corner record, or record of survey for at least one representative point.

SEC. 29.13. Section 8819 of the Public Resources Code is amended to read:

8819. This chapter does not prohibit the use of new surveying technologies or techniques for which FGCS specifications or other accepted specifications have not yet been published.

SEC. 29.14. Chapter 3 (commencing with Section 8850) is added to Division 8 of the Public Resources Code, to read:

Chapter 3. Geodetic Datums and the California Spatial Reference Network

8850. The official geodetic datums and spatial reference network for use within the State of California shall be as defined by this chapter.

8851. As used in this chapter:

(a) "NGS" means National Geodetic Survey or its successor.

(b) "CSRC" means California Spatial Reference Center or its successor.

(c) "NAD83" means North American Datum of 1983.

(d) "NAVD88" means North American Vertical Datum of 1988.

(e) "ITRF" means International Terrestrial Reference Frame as defined by the International Earth Rotation Service.

(f) "GPS" means Global Positioning System and includes other, similar space-based systems.

(g) "FGDC" means Federal Geographic Data Committee or it successor.

(h) "FGCS" means the Federal Geodetic Control Subcommittee or its successor.

(i) "CSRN" means California Spatial Reference Network.

8852. The official geodetic datum to which horizontal positions and ellipsoid heights are referenced within the State of California shall be NAD83.

8853. The official geodetic datum to which orthometric heights are referenced within the State of California shall be NAVD88.

8854. When horizontal positions, ellipsoid heights, or orthometric heights are shown on a document, the document shall show the geodetic datum to which the values are referenced, whether NAD83, NAVD88, ITRF, or another datum.

8855. The official geodetic reference network for use within the State of California shall be the CSRN as defined by this chapter.

8856. The geodetic control stations within the State of California having horizontal positions conforming to all of the following requirements shall be part of the CSRN. The horizontal positions shall:

(a) Be referenced to NAD83.

(b) Have been determined by GPS survey methods.

(c) Be published by NGS or CSRC.

(d) Have a NGS or CSRC published network accuracy of two centimeters or better as defined by FGDC or a NGS or CSRC published accuracy of first order or better as defined by FGCS.

(e) Have a NGS or CSRC published horizontal velocity or a horizontal velocity that can be determined using procedures and values published by NGS or CSRC.

8857. The geodetic control stations within the State of California having ellipsoid heights conforming to all of the following requirements shall be part of the CSRN. The ellipsoid heights shall:

(a) Be referenced to NAD83.

(b) Have been determined by GPS survey methods.

(c) Be published by NGS or CSRC.

(d) Have a NGS or CSRC published network accuracy of five centimeters or better as defined by FGDC or a NGS or CSRC published accuracy of fourth order, class II, or better as defined by FGCS.

8858. The geodetic control stations within the State of California having orthometric heights determined by GPS survey methods and conforming to all of the following requirements shall be part of the CSRN. The orthometric heights shall:

(a) Be based on NAD83 and referenced to NAVD88.

(b) Be published by NGS or CSRC.

(c) Have a NGS or CSRC published network accuracy of five centimeters or better as defined by FGDC.

8859. The geodetic control stations within the State of California having orthometric heights determined by differential leveling survey

methods and conforming to all of the following requirements shall be part of the CSRN. The orthometric heights shall:

(a) Be referenced to NAVD88.

(b) Be published by NGS or CSRC.

(c) Have a NGS or CSRC published accuracy of third order, class II or better as defined by FGCS.

8860. The use of the NAD83, NAVD88, and CSRN by any person, firm, or governmental agency is optional.

8861. The provisions of this chapter shall not be construed to prohibit the appropriate use of other datums, including ITRF, and other geodetic reference networks.

SEC. 29.15. Chapter 4 (commencing with Section 8870) is added to Division 8 of the Public Resources Code, to read:

CHAPTER 4. CALIFORNIA GEODETIC COORDINATES

8870. Geodetic coordinates within the State of California that are based on the North American Datum of 1983 and conforming to the provisions of this chapter shall be known as "California Geodetic Coordinates of 1983."

8871. As used in this chapter:

(a) "NGS" means National Geodetic Survey or its successor.

(b) "CSRC" means California Spatial Reference Center or its successor.

(c) "NAD83" means North American Datum of 1983.

(d) "GPS" means Global Positioning System and includes other, similar spaced-based systems.

(e) "FGDC" means the Federal Geographic Data Committee or its successor.

(f) "FGCS" means the Federal Geodetic Control Subcommittee or its successor.

(g) "CSRN" means California Spatial Reference Network as defined by Chapter 3 (commencing with Section 8850), "Geodetic Datums and the California Spatial Reference Network."

(h) "CGC83" means California Geodetic Coordinates of 1983.

8872. The phrase "California Geodetic Coordinates of 1983" or any abbreviation thereof, such as "CGC83," shall be used only in reference to geodetic coordinates based on NAD83 and conforming to the provisions of this chapter.

8873. CGC83 values shall be expressed as latitude, longitude, or ellipsoid height values or as Cartesian coordinates (x, y, z). When Cartesian coordinates are used, the symbols and conventions utilized shall be the same as that used by NGS.

8874. CGC83 latitude and longitude values shall be expressed in degrees, minutes, seconds, and decimals of a second, or degrees and decimals of a degree. CGC83 ellipsoid height values shall be expressed in meters and decimals of a meter or feet and decimals of a foot. When ellipsoid height values are expressed in feet, the "U.S. Survey Foot" (one foot equals 1200/3937 meters) shall be used as the standard foot. CGC83 Cartesian coordinate values shall be expressed in meters and decimals of a meter.

When CGC83 values are stated on any document, the unit of measure shall be clearly stated.

8875. The survey that establishes a CGC83 value or values shall meet all of the following requirements:

(a) The survey shall be referenced to and shall have field-observed statistically independent connections to one or more appropriate reference stations that is one of the following:

(1) CSRN station.

(2) Geodetic control station located outside of the State of California that meets all the requirements for inclusion in the CSRN except that the station is outside California.

(3) Existing CGC83 station that:

(A) Is shown on a map filed with the applicable county surveyor by a public officer, subdivision map, corner record, or record of survey.

(B) Meets all the requirements for inclusion in the CSRN except that the station and its data are not published by NGS or CSRC.

(C) Has an accuracy, conforming to the applicable CSRN requirements, stated for the station's value.

(4) Existing CGC83 station that is shown on a public map or document that:

(A) Is compiled and maintained by the applicable county surveyor.

(B) Meets all the requirements for inclusion in the CSRN except that the station and its data are not published by NGS or CSRC.

(C) Has an accuracy, conforming to the applicable CSRN requirements, stated for the station's value.

(b) If an accuracy is to be claimed for the CGC83 value or values established, the claimed accuracy shall be an accuracy standard published by FGDC or FGCS.

8876. If an accuracy is claimed for a CGC83 value or values, the survey that established the value or values shall be documented on a map, record of survey, corner record, or other document that includes, at a minimum, the following:

(a) For each CGC83 station, the resultant CGC83 value or values.

(b) The epoch (date), in a decimal year format to two decimal places, that is the basis of the CGC83 values shown. The epoch shall be the published NGS or CSRC epoch of a controlling station for the survey.

If the published epochs for the horizontal positions of the controlling stations are not the same, appropriate adjustments shall be made to the horizontal values of the controlling stations so that said values of all the controlling stations are at one consistent epoch published by NGS or CSRC. These adjustments in the coordinates of the controlling stations shall be made in accordance with procedures and values published by NGS or CSRC.

(c) The FGDC and FGCS accuracy standard of the CGC83 value or values established. FGDC accuracies shall be identified as either a local or network accuracy.

(d) Additional written data that justifies the FGDC or FGCS accuracy standard shown. Such additional written data shall include observation equipment, control diagram including required field-observed statistically independent connection or connections, adjustment methodology and software used, a summary of the procedures used or a reference to published commonly accepted procedural specifications, final residuals or closures, and other data essential for others to evaluate the survey.

8877. When a CGC83 value or values are shown on any document, the document shall include the following:

(a) A statement that the geodetic coordinate value or values shown are a CGC83 value or values; exceptions shall be noted.

(b) The station or stations to which the CGC83 value or values are referenced and connected and the geodetic coordinate value or values and the published or stated accuracy or accuracies of said reference station or stations.

(c) The epoch of the CGC83 value or values shown. The epoch shall conform to provisions of subdivision (b) of Section 8876.

8878. The use of CGC83 by any person, firm, or governmental agency is optional.

8879. This chapter does not impair or invalidate land titles, legal descriptions, or jurisdictional or land boundaries and, further, this chapter does not impair or invalidate references to, or the use of, datums or latitude, longitude, or ellipsoid height values or other geodetic coordinate values that do not conform to this chapter except as specified in Section 8872.

8880. This chapter does not prohibit the use of new surveying technologies or techniques for which FGCS specifications or other accepted specifications have not yet been published.

SEC. 29.16. Chapter 5 (commencing with Section 8890) is added to Division 8 of the Public Resources Code, to read:

Chapter 5. California Orthometric Heights

8890. Orthometric heights within the State of California that are based on the North America Vertical Datum of 1988 and conforming to the provisions of this chapter shall be known as "California Orthometric Heights of 1988." Orthometric heights are commonly referred to as "elevations."

8891. As used in this chapter:

(a) "NGS" means National Geodetic Survey or its successor.

(b) "CSRC" means California Spatial Reference Center or its successor.

(c) "NAVD88" means North American Vertical Datum of 1988.

(d) "GPS" means Global Positioning System and includes other, similar space-based systems.

(e) "FGDC" means the Federal Geographic Data Committee or its successor.

(f) "FGCS" means the Federal Geodetic Control Subcommittee or its successor.

(g) "CSRN" means California Spatial Reference Network as defined by Chapter 3 (commencing with Section 8850), "Geodetic Datums and the California Spatial Reference Network."

(h) "COH88" means California Orthometric Heights of 1988.

8892. The phrase "California Orthometric Heights of 1988" or any abbreviation, such as "COH88," thereof shall be used only in reference to orthometric heights based on NAVD88 and conforming to the provisions of this chapter.

8893. COH88 values shall be expressed in meters and decimals of a meter or in feet and decimals of a foot. When COH88 values are expressed in feet, the "U.S. Survey Foot," (one foot equals 1200/3937 meters) shall be used as the standard foot.

8894. COH88 values that are determined from differential leveling surveys shall be known as "leveled COH88" values. COH88 values that are determined from GPS surveys and the appropriate application of a geoid model shall be known as "derived COH88" values.

8895. When a geoid model is used to determine derived COH88 values, it shall be the latest geoid model published by NGS.

8896. The accuracy of derived COH88 values may be improved by applying a "local orthometric height correction" to the geoid height determined from the latest, applicable geoid model published by NGS.

8897. The survey that establishes a COH88 value or values shall meet all of the following requirements:

(a) The survey shall be referenced to and shall have field-observed statistically independent connections to one or more orthometric height reference stations that is or are one of the following:

(1) CSRN station.

(2) Geodetic control station located outside of the State of California that meets all the requirements for inclusion in the CSRN except that the station is outside California.

(3) Existing COH88 station that (A) is shown on a map filed with the applicable county surveyor by a public officer, subdivision map, corner record, or record of survey, (B) meets all the requirements for inclusion in the CSRN, except that the station and its data are not published by NGS or CSRC, and (C) has an accuracy, conforming to the applicable CSRN requirements, stated for the station's value.

(4) Existing COH88 station that is shown on a public map or document that (A) is compiled and maintained by the applicable county surveyor, (B) meets all the requirements for inclusion in the CSRN except that the station and its data are not published by NGS or CSRC, and (C) has an accuracy, conforming to the applicable CSRN requirements, stated for the station's value.

(b) If an accuracy is to be claimed for the COH88 value or values established, the claimed accuracy shall be an accuracy standard published by FGDC or FGCS.

8898. If an accuracy is claimed for a COH88 value or values, the survey that established the value or values shall be documented on a map, record of survey, corner record, or other document that includes, at a minimum, the following:

(a) For each COH88 station, the resultant COH88 value.

(b) For each individual COH88 value, whether it is a leveled COH88 or a derived COH88 value.

(c) For leveled COH88 values, the beginning and ending dates of the observations used to determine the values.

(d) For derived COH88 values, the date of the NGS geoid model used to determine the values.

(e) When derived COH88 values are shown and reflect the application of a "local orthometric height correction model," written data that justifies the model's validity. Such written data shall include a summary of the procedures, computations, analysis, and validation process used to develop the model.

(f) For derived COH88 values, the epoch (date), in a decimal year format to two decimal places, that is the basis of the COH88 values shown. Said epoch shall be the published NGS or CSRC epoch of a controlling station for the survey.

(g) The FGDC or FGCS accuracy standard of the COH88 value or values established. FGDC accuracies shall be identified as either a local or network accuracy.

(h) Additional written data that justifies the FGDC or FGCS accuracy standard shown. Such additional written data shall include observation equipment, control diagram including required field-observed statistically independent connection or connections, adjustment methodology and software used, a summary of the procedures used or a reference to a published commonly accepted procedural specifications, final residuals or closures, and other data essential for others to evaluate the survey.

8899. When a COH88 value or values are shown on any document, the document shall include the following:

(a) A statement that the orthometric height or heights shown are a COH88 value or values; exceptions shall be noted.

(b) The station or stations to which the COH88 value or values are referenced and connected and the orthometric height value or values and the published or stated accuracy or accuracies of said referenced station or stations.

8900. The use of COH88 by any person, firm, or governmental agency is optional.

8901. This chapter does not impair or invalidate land titles, legal descriptions, or jurisdictional or land boundaries and, further, this chapter does not impair or invalidate references to, or the use of, datums, elevations, orthometric heights, or other height values that do not conform to this chapter except as specified in Section 8892 in this chapter.

8902. This chapter does not prohibit the use of new surveying technologies or techniques for which FGCS specifications or other accepted specifications have not yet been published.

SEC. 30. Section 9313 of the Public Resources Code is amended to read:

9313. (a) All meetings of the directors shall be open to the public. All records of the district shall be open to public inspection during business hours.

(b) A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 31. Section 26582 of the Public Resources Code is amended to read:

26582. (a) A district shall keep a record of the proceedings of its meetings. A district is subject to the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code).

(b) A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 32. Section 12772 of the Public Utilities Code is amended to read:

12772. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 33. Section 16044 is added to the Public Utilities Code, to read:

16044. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 34. Section 16486 of the Public Utilities Code is amended to read:

16486. (a) In addition to all other powers, excepting telephone service, authorized by this division, the Kirkwood Meadows Public Utility District may acquire, construct, own, and operate public parking facilities and cable television facilities and may provide snow removal and road maintenance services for all roads open to the public, including, but not limited to, public roads and roads offered for dedication but not accepted, within the district. Prior to providing any snow removal or road maintenance services, the district shall obtain the consent of any public agency owning the roads. Notwithstanding Section 16467, the facilities and services provided in this subdivision need not be operated on a self-sustaining, revenue-producing basis. Revenue to defray the cost of the facilities and services may be raised in any manner authorized by this division.

(b) The Kirkwood Meadows Public Utility District may exercise all of the powers of a mosquito abatement district or vector control district, as set forth in the Mosquito Abatement and Vector Control District Law (Chapter 5 (commencing with Section 2000) of Division 3 of the Health and Safety Code), within the service area of the Kirkwood Meadows Public Utility District.

SEC. 35. Section 16489 of the Public Utilities Code is amended to read:

16489. The June Lake Public Utility District may exercise all of the powers of a mosquito abatement district or vector control district, as set forth in the Mosquito Abatement and Vector Control District Law (Chapter 5 (commencing with Section 2000) of Division 3 of the Health and Safety Code), within the service area of the June Lake Public Utility District.

SEC. 36. Section 22411 is added to the Public Utilities Code, to read:

22411. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 36.1. Section 132352 of the Public Utilities Code is amended to read:

132352. (a) The consolidated agency may adopt bylaws and other rules necessary to carry out its responsibilities.

(b) The clerk of the board shall cause a proposed ordinance or proposed amendment to an ordinance, and any ordinance adopted by the board, to be published at least once, in a newspaper of general circulation published and circulated in the board's area of jurisdiction.

(c) The publication of an ordinance, as required by subdivision (b), may be satisfied by either of the following actions:

(1) The board may publish a summary of a proposed ordinance or proposed amendment to an ordinance. The summary shall be prepared by a person designated by the board. The summary shall be published and a certified copy of the full text of the proposed ordinance or proposed amendment shall be posted in the office of the clerk of the board at least five days prior to the board meeting at which the proposed ordinance or amendment is to be adopted. Within 15 days after adoption of the ordinance or amendment, the board shall publish a summary of the ordinance or amendment with the names of those board members voting for and against the ordinance or amendment and the clerk shall post in the office of the clerk a certified copy of the full text of the adopted ordinance or amendment along with the names of those board members voting for and against the ordinance or amendment.

(2) If the person designated by the board determine that it is not feasible to prepare a fair and adequate summary of the proposed ordinance or amendment, and if the board so orders, a display advertisement of at least one-quarter of a page in a newspaper of general circulation in the board's area of jurisdiction shall be published at least five days prior to the board meeting at which the proposed ordinance or amendment is to be adopted. Within 15 days after adoption of the ordinance or amendment, a display advertisement of at least one-quarter of a page shall be published. The advertisement shall indicate the general nature of, and provide information regarding, the adopted ordinance or amendment, including information sufficient to enable the public to obtain copies of the complete text of the ordinance or amendment, and the names of those board members voting for and against the ordinance or amendment.

SEC. 36.2. Section 170006 of the Public Utilities Code is amended to read:

170006. For the purposes of this division, the following terms have the following meanings, unless the context requires otherwise.

(a) The "authority" means the San Diego County Regional Airport Authority established under this division.

(b) The "board" means the governing board of the authority established as specified in Section 170016.

(c) The "interim board" means the limited term board established as specified in Section 170012.

(d) The "port" means the San Diego Unified Port District established under the San Diego Unified Port District Act (Chapter 67 of the Statutes of 1962, First Extraordinary Session).

(e) The "San Diego International Airport" means the airport located at Lindbergh Field in the County of San Diego.

(f) (1) The "east area cities" mean the Cities of El Cajon, Lemon Grove, La Mesa, and Santee.

(2) The "north coastal area cities" mean the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach.

(3) The "north inland area cities" mean the Cities of Poway, Escondido, Vista, and San Marcos.

(4) The "south area cities" mean the Cities of Coronado, Imperial Beach, Chula Vista, and National City.

SEC. 36.3. Section 170010 of the Public Utilities Code is repealed.

SEC. 36.4. Section 170012 of the Public Utilities Code is repealed.

SEC. 36.5. Section 170014 of the Public Utilities Code is repealed.

SEC. 36.6. Section 170016 of the Public Utilities Code is amended to read:

170016. (a) The permanent board shall be established pursuant to this section. The board shall consist of nine members, as follows:

(1) The Mayor of the City of San Diego, or a member of the city council designated by the mayor to be his or her alternate.

(2) A member of the public appointed by the Mayor of the City of San Diego. The initial term for this member shall be two years.

(3) (A) The initial appointment for the north coastal cities shall be the mayor of the most populous city, as of the most recent decennial census, among the north coastal area cities. If that mayor declines to serve, he or she shall appoint a member of the public who is a resident of one of the north coastal area cities. The initial term for this member shall be four years.

(B) For subsequent appointments, the mayors of the north coastal cities shall select the member. The appointment shall alternate between a mayor and a member of the public from these cities to follow the initial appointment made under this paragraph.

(4) (A) If the member serving under paragraph (3) is a mayor, the initial appointment from the north inland cities shall be a member of the public selected by the mayors of the north inland area cities from one of those cities.

(B) If the person serving under paragraph (3) is not a mayor, then the mayors of the north inland area cities shall select a mayor of a north inland area city. The initial term of this member is two years.

(C) For subsequent appointments, the mayors of the north inland area cities shall select the member. The appointment shall alternate between a mayor and a member of the public from these cities to follow the initial appointment made under this paragraph.

(5) (A) The mayor of the most populous city, as of the most recent decennial census, among the south area cities. If that mayor declines to serve, he or she shall appoint a member of the public who is a resident of one of south area cities. The initial term for this member shall be six years.

(B) For subsequent appointments, the mayors of the south area cities shall select the member. The appointment shall alternate between a mayor and a member of the public from these cities to follow the initial appointment made under this paragraph. The initial term of this member is four years.

(6) (A) If the member serving under paragraph (5) is a mayor, then a member of the public shall be selected by the mayors of the east area cities from one of those cities.

(B) If the person serving under paragraph (5) is not a mayor, then the mayors of the east area cities shall select a mayor of an east area city. The initial term of this member is four years.

(C) For subsequent appointments, the mayors of the east area cities shall select the member. The appointment shall alternate between a mayor and a member of the public from these cities to follow the initial appointment made under this paragraph.

(7) The three remaining positions shall be the members of the executive committee appointed pursuant to Section 170028.

(b) The board shall appoint the chair, who shall serve as chair for a two-year portion of his or her term as a board member. A member may be appointed to consecutive terms as chair.

(c) (1) Members of the first board appointed pursuant to subdivision (a), other than members identified in paragraph (7) of subdivision (a), shall be appointed on or before October 31, 2002, and shall be seated as the board on December 2, 2002.

(2) Any appointment not filled by the respective appointing authority on or before December 1, 2002, shall be appointed by the Governor, consistent with the eligibility requirements of this section for that membership position.

(d) (1) After the initial term, all terms shall be four years, except as otherwise required under subdivision (b) of Section 170018.

(2) The expiration date of the term of office shall be the first Monday in December in the year in which the term is to expire.

SEC. 36.7. Section 170018 of the Public Utilities Code is amended to read:

170018. (a) The appointing authority for a member whose term has expired shall appoint that member's successor for a full term of four years.

(b) The membership of any member serving on the board as a result of holding another public office shall terminate when the member ceases holding the other public office.

(c) Any vacancy in the membership of the board shall be filled for the remainder of that unexpired term by a person selected by the respective appointing authority for that position.

SEC. 36.8. Section 170041 is added to the Public Utilities Code, to read:

170041. Meetings of the board are subject to the Ralph M. Brown Act, Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code.

SEC. 36.9. Section 170042 of the Public Utilities Code is amended to read:

170042. (a) The board may act only by ordinance or resolution for the regulation of the authority and undertaking all acts necessary and convenient for the exercise of the authority's powers.

(b) The authority may adopt and enforce rules and regulations for the administration, maintenance, operation, and use of its facilities and services.

(c) (1) A person who violates a rule, regulation, or ordinance adopted by the board is guilty of a misdemeanor punishable pursuant to Section 19 of the Penal Code, or an infraction under the circumstances set forth in paragraph (1) or (2) of subdivision (d) of Section 17 of the Penal Code.

(2) The authority may employ necessary personnel to enforce this section.

(d) A majority of the membership of the board shall constitute a quorum for the transaction of business.

SEC. 36.10. Section 170062 of the Public Utilities Code is amended to read:

170062. (a) The authority shall develop a transition plan to facilitate the transfer of the San Diego International Airport to the authority pursuant to this section. To facilitate the preparation of a transition plan, the authority and the port shall jointly commission a certified audit to determine the financial condition of the San Diego International Airport, including, but not limited to, the obligations of the airport and the reasonableness of the overhead charges being paid by the airport to the

port. Upon completion of the audit, the port and the authority shall balance all accounts, including, but not limit to, loans and other obligations between the two agencies.

(b) The port shall cooperate in every way to facilitate the transfer of the San Diego International Airport to the authority.

(c) In the preparation of the transition plan, priority shall be given to ensuring continuity in the programs, services, and activities of the San Diego International Airport.

(d) (1) The transfer of the San Diego International Airport to the authority shall be completed on or after December 16, 2002.

(2) The terms of the transfer of San Diego International Airport to the authority shall include, but are not limited to, the following:

(A) The authority shall request and receive a finding by the Federal Aviation Administration that it is an eligible airport sponsor.

(B) The authority shall comply with federal regulations, including, but not limited to, Part 139 of Title 14 of the Code of Federal Regulations (certification and operation) and Part 107 of Title 14 of the Code of Federal Regulations (security).

(C) Consistent with the obligations set forth in this section, the authority may, in its sole discretion, from time to time, enter into agreements with the port for services including, but not limited to, operations, maintenance, and purchasing, as the authority may find necessary or beneficial to facilitate the orderly transfer and continued operation of San Diego International Airport.

(D) The authority shall have no obligation to purchase or procure any services, facilities, or equipment from or through the port. At no time shall the authority be obligated to purchase auditing, public affairs, and governmental relations, strategic planning, legal, or board support services from the port. However, the authority may elect to obtain these services and support in agreement with the port.

(E) Performance of all these services shall be subject to the direction and control of the authority, and shall be provided in accordance with specifications, policies, and procedures as communicated by the authority to the port from time to time. In all cases, the port shall provide services of sufficient quality, quantity, reliability, and timeliness to ensure that the authority can continue the operation, maintenance, planning and improvement of and for San Diego International Airport consistent with the standards and practices under which the airport is operated on the effective date of the act that added this subparagraph or higher standards as the authority may adopt, or as may be required in the authority's judgment to meet the requirements of federal or state law, or the needs of the users of the airport for the safe, secure, and efficient operation of the airport. The authority also, from time to time, may establish

performance standards for and may conduct financial or performance audits, or both, of all services provided by the port and all charges or claims for payment for the services provided.

(F) Services provided by the Harbor Police shall in no event be of less quality than the standard established for airport police services by the three other largest airports, based on annual passengers, in this state. The port shall cooperate fully, at its own cost, in any financial or performance audit, or both, conducted by, or on behalf of, the authority or by any government agency having jurisdiction.

(G) The authority shall reimburse the port for the actual and reasonable direct costs, including, but not limited to, an appropriate allocation of general and administrative expenses associated with the provision of that service, incurred by the port to deliver services actually provided to the authority in accordance with the standards and requirements described in this section. The port shall request payment for services on a monthly basis. Those requests shall provide details regarding each service or element thereof for which payment is requested as the authority reasonably may request. The authority shall have the right to review and approve any request for payment for those services. Payment shall be due and payable 30 days after the request provided all necessary supporting documentation is received by the authority.

(H) Upon the completion of the transfer, the authority shall hire existing port staff assigned to the aviation division of the port as employees of the authority. The authority may hire additional staff, as needed, to fulfill its responsibilities. The authority shall make every responsible effort to fill necessary positions from port staff which may be affected by the transfer of the airport.

(e) The transfer may not in any way impair any contracts with vendors, tenants, employees, or other parties.

(f) The San Diego Harbor Police Department shall remain under the jurisdiction of the San Diego Unified Port District, and employees shall incur no loss of employment or reduction in wages, health and welfare benefits, seniority, retirement benefits or contributions made to retirement plans, or other terms and conditions of employment as a result of enactment of this division. The San Diego Harbor Police Department shall have the exclusive contract for law enforcement services at San Diego International Airport during that time as the airport continues to operate at the Lindbergh Field, and peace officers of the Harbor Police shall remain employees of the port.

SEC. 36.11. Section 170084 of the Public Utilities Code is amended to read:

170084. The authority shall assume and be bound by the terms and conditions of employment set forth in any collective bargaining

agreement or employment contract between the port and any labor organization or employee affected by the creation of the authority, as well as the duties, obligations, and liabilities arising from, or relating to, labor obligations imposed by state or federal law upon the port. Aviation division employees of the port affected by this division shall become employees of the authority and shall suffer no loss of employment or reduction in wages, health and welfare benefits, seniority, retirement benefits or contributions made to retirement plans, or any other term or condition of employment as a result of the enactment of this division. No employee of the port shall suffer loss of employment or reduction in wages or benefits as a result of the enactment of this division.

SEC. 37. Section 21403 of the Water Code is amended to read:

21403. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 38. Section 30525.5 is added to the Water Code, to read:

30525.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 39. Section 35307 is added to the Water Code, to read:

35307. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 40. Section 40657.5 is added to the Water Code, to read:

40657.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 41. Section 50942 is added to the Water Code, to read:

50942. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 42. Section 55333.5 is added to the Water Code, to read:

55333.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 43. Section 71282 is added to the Water Code, to read:

71282. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

SEC. 44. Section 74228.5 is added to the Water Code, to read:

74228.5. A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

CHAPTER 159

An act to add and repeal Section 22651.10 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 2, 2005. Filed with Secretary of State September 2, 2005.]

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

SECTION 1. Section 22651.10 is added to the Vehicle Code, to read:

22651.10. (a) (1) Notwithstanding any other provision of law, when a peace officer, as defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, arrests a person for an alleged violation of Section 23152 or 23153, and the person has one or more prior convictions within the past 10 years for a violation of Section 23103, as specified in Section 23103.5, or of Section 23140, 23152, or 23153, or of Section 191.5 of, or of paragraph (3) of subdivision (c) of Section 192 of, the Penal Code, the peace officer may cause the removal and seizure of the motor vehicle driven by that person in the commission of that offense in accordance with this chapter.

(2) A motor vehicle seized under paragraph (1) may be impounded for not more than 30 days.

(3) The seizure and impoundment of a motor vehicle under paragraphs (1) and (2) shall be undertaken only if the county participates in a program that combines that seizure and impoundment with an intervention and a referral to a driving-under-the-influence program licensed under Section 11836 of the Health and Safety Code immediately upon the arrest or arraignment of the person described in paragraph (1) or upon the delivery of that person to a medical facility for treatment of any injuries.

(b) (1) The intervention shall be performed by a certified alcohol and drug addiction counselor.

(2) The county participating in the program established under this section shall pay for the cost of the intervention, and no part of that cost shall be passed on to the defendant.

(c) 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.

(d) (1) Notwithstanding this chapter 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 motor vehicle is a stolen motor vehicle.

(B) If the driver was not the sole registered owner of the vehicle and the impoundment of the vehicle would cause a hardship on the other registered owner or his or her family.

(C) If the person alleged to have violated Section 23152 or 23153 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.

(D) If the registered owner of the motor vehicle was neither the driver nor a passenger of the vehicle at the time of the alleged violation of Section 23152 or 23153, or was unaware that the driver was using the vehicle to engage in the unlawful activity described in Section 23152 or 23153.

(E) If the legal owner or registered owner of the motor vehicle is a rental car agency.

(F) 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 motor 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 (F) of paragraph (1) a motor vehicle is released prior to the conclusion of the impoundment period, neither the person charged with a violation of Section 23152 or 23153 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.

(e) A motor 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. Lien sale processing fees shall not 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.

(f) (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 is convicted of a violation of Section 23152 or 23153 and 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 towing and storage charges related to the impoundment, and 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 is not liable for towing and storage charges related to the impoundment if acquittal or dismissal occurs. A county implementing an impoundment program under this section shall establish a process for the immediate return of all payments made by the defendant relating to the impoundment upon the acquittal of the defendant or dismissal of the case.

(5) The vehicle may not be sold prior to the defendant's conviction.

(6) (A) 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 (d).

(B) Notwithstanding subparagraph (A), nothing shall prohibit an impounding agency from making prior payment arrangements to satisfy the requirement described in subparagraph (A).

(g) On or before January 1, 2009, the county shall report to the Legislature regarding the effectiveness of the pilot program authorized under this section in reducing the number of first-time violations and repeat offenses of Section 23152 or 23153 in the county.

(h) This section applies only to the County of Sacramento and only if the Board of Supervisors of Sacramento County enacts an ordinance

or resolution authorizing the implementation of the pilot program in the county.

(i) This section shall be implemented only to the extent that funds from private or federal sources are available to fund the program.

(j) This section shall remain operative only until January 1, 2009.

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

CHAPTER 160

An act to add and repeal Article 13.51 (commencing with Section 18846) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 2, 2005. Filed with Secretary of State September 2, 2005.]

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

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

(a) Sexual violence is a problem of sweeping proportions in California. While statewide figures compiled by the Department of Justice estimate that in 2003, 9,918 forcible rapes occurred in California, it is estimated that only 28 percent of rapes and sexual assaults are ever reported.

(b) According to the National Institute of Justice, rape is the costliest crime in the United States, exacting $86,500 in tangible and intangible costs per victim.

(c) According to a study conducted by the National Victim Center, 1.3 women age 18 and over in the United States are forcibly raped each minute. That translates to 78 per hour, 1,871 per day, or 683,000 per year.

(d) In a study of more than 3,000 women at 32 colleges and universities in the United States, 30 percent identified as rape victims contemplated suicide after the incident.

(e) The California Coalition Against Sexual Assault (CALCASA) is the only statewide organization in California whose sole purpose is to promote public policy, advocacy, training, and assistance on the issue of sexual violence. CALCASA's primary membership is the 84 rape crisis centers, campus rape prevention programs, and allied members in the state.

SEC. 2. Article 13.51 (commencing with Section 18846) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 13.51. California Sexual Violence Victim Services Fund

18846. (a) An individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the California Sexual Violence Victim Services Fund established by Section 18846.1. That designation is to be used as a voluntary contribution on the tax return.

(b) The contributions shall be in full dollar amounts and may be made individually by each signatory on a joint return.

(c) A designation shall be made for any taxable year on the initial return for that taxable year and once made is irrevocable. If payments and credits reported on the return, together with any other credits associated with the taxpayer's account, do not exceed the taxpayer's liability, the return shall be treated as though no designation has been made. If no designee is specified, the contribution shall be transferred to the General Fund after reimbursement of the direct actual costs of the Franchise Tax Board for the collection and administration of funds under this article.

(d) If an individual designates a contribution to more than one account or fund listed on the tax return, and the amount available is insufficient to satisfy the total amount designated, the contribution shall be allocated among the designees on a pro rata basis.

(e) When another voluntary contribution designation is removed from the tax return, the Franchise Tax Board shall revise the form of the return to include a space labeled the "California Sexual Violence Victim Services Fund" to allow for the designation permitted. The form shall also include in the instructions information that the contribution may be in the amount of one dollar ($1) or more and that the contribution shall be used to further the services that California's rape crisis centers provide for victims of rape or sexual assault.

(f) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18846.1. There is hereby established in the State Treasury the California Sexual Violence Victim Services Fund to receive contributions made pursuant to Section 18846. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money that taxpayers have designated pursuant to Section 18846 to be transferred to the California

Sexual Violence Victim Services Fund. The Controller shall transfer from the Personal Income Tax Fund to the California Sexual Violence Victim Services Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18846 for payment into that fund.

18846.2. All moneys transferred to the California Sexual Violence Victim Services 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 Epidemiology and Prevention for Injury Control Branch of the State Department of Health Services for allocation to the California Coalition Against Sexual Assault (CALCASA) for the award of grants to support CALCASA rape crisis center programs for victims of rape and sexual assault. The Epidemiology and Prevention for Injury Control Branch of the State Department of Health Services shall not use these funds for its administrative costs.

18846.3. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only until January 1 of the fifth taxable year following the first appearance of the California Sexual Violence Victim Services Fund on the tax return, and as of that date is repealed, unless a later enacted statute, that is enacted before the applicable date, deletes or extends that date.

(b) If, in the second calendar year after the first taxable year the California Sexual Violence Victim Services Fund appears on the tax return, 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), 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 or 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 contribution.

(c) For each calendar year, beginning with the third calendar year that the California Sexual Violence Victim Services Fund appears on the tax return, 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 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.

CHAPTER 161

An act to amend Sections 18804 and 18808 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 2, 2005. Filed with Secretary of State September 2, 2005.]

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

SECTION 1. Section 18804 of the Revenue and Taxation Code is amended to read:

18804. (a) This article shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2011, deletes or extends that date.

(b) (1) If the repeal date specified in subdivision (a) has been deleted and if, thereafter, 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 the minimum contribution amount prescribed by paragraph (2), then this article is inoperative 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.

(2) For purposes of this section, "minimum contribution amount" means two hundred fifty thousand dollars ($250,000) for any calendar year.

(c) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be

transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 2. Section 18808 of the Revenue and Taxation Code is amended to read:

18808. (a) This article shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2011, deletes that date.

(b) (1) If the repeal date specified in subdivision (a) has been deleted and if, thereafter, 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 the minimum contribution amount prescribed by paragraph (2), or the adjusted amount specified in subdivision (c), as may be applicable, then this article is inoperative 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.

(2) For purposes of this section, "minimum contribution amount" means two hundred fifty thousand dollars ($250,000) for any calendar year.

(c) For each calendar year, beginning with calendar year 2005, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum 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 received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 3. Notwithstanding Section 18415 of the Revenue and Taxation Code, or any other provision of law, the amendments to Sections 18804 and 18808 of the Revenue and Taxation Code made by this act shall

apply to tax returns filed in 2005 and, thereafter, for taxable years beginning on or after January 1, 2005.

CHAPTER 162

An act to amend Section 6608.5 of the Welfare and Institutions Code, relating to sex offenders.

[Approved by Governor September 2, 2005. Filed with Secretary of State September 2, 2005.]

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

SECTION 1. Section 6608.5 of the Welfare and Institutions Code is amended to read:

6608.5. (a) A person who is conditionally released pursuant to this article shall be placed in the county of the domicile of the person prior to the person's incarceration, unless the court finds that extraordinary circumstances require placement outside the county of domicile.

(b) (1) For the purposes of this section, "county of domicile" means the county where the person has his or her true, fixed, and permanent home and principal residence and to which he or she has manifested the intention of returning whenever he or she is absent. For the purposes of determining the county of domicile, the court may consider information found on a California driver's license, California identification card, recent rent or utility receipt, printed personalized checks or other recent banking documents showing that person's name and address, or information contained in an arrest record, probation officer's report, trial transcript, or other court document. If no information can be identified or verified, the county of domicile of the individual shall be considered to be the county in which the person was arrested for the crime for which he or she was last incarcerated in the state prison or from which he or she was last returned from parole.

(2) In a case where the person committed a crime while being held for treatment in a state hospital, or while being confined in a state prison or local jail facility, the county wherein that facility was located shall not be considered the county of domicile unless the person resided in that county prior to being housed in the hospital, prison, or jail.

(c) For the purposes of this section, "extraordinary circumstances" means circumstances that would inordinately limit the department's ability to effect conditional release of the person in the county of domicile in accordance with Section 6608 or any other provision of this article,

and the procedures described in Sections 1605 to 1610, inclusive, of the Penal Code.

(d) The county of domicile shall designate a county agency or program that will provide assistance and consultation in the process of locating and securing housing within the county for persons committed as sexually violent predators who are about to be conditionally released under Section 6608. Upon notification by the department of a person's potential or expected conditional release under Section 6608, the county of domicile shall notify the department of the name of the designated agency or program, at least 60 days before the date of the potential or expected release.

(e) In recommending a specific placement for community outpatient treatment, the department or its designee shall consider all of the following:

(1) The concerns and proximity of the victim or the victim's next of kin.

(2) The age and profile of the victim or victims in the sexually violent offenses committed by the person subject to placement. For purposes of this subdivision, the "profile" of a victim includes, but is not limited to, gender, physical appearance, economic background, profession, and other social or personal characteristics.

SEC. 1.5. Section 6608.5 of the Welfare and Institutions Code is amended to read:

6608.5. (a) A person who is conditionally released pursuant to this article shall be placed in the county of the domicile of the person prior to the person's incarceration, unless the court finds that extraordinary circumstances require placement outside the county of domicile.

(b) (1) For the purposes of this section, "county of domicile" means the county where the person has his or her true, fixed, and permanent home and principal residence and to which he or she has manifested the intention of returning whenever he or she is absent. For the purposes of determining the county of domicile, the court may consider information found on a California driver's license, California identification card, recent rent or utility receipt, printed personalized checks or other recent banking documents showing that person's name and address, or information contained in an arrest record, probation officer's report, trial transcript, or other court document. If no information can be identified or verified, the county of domicile of the individual shall be considered to be the county in which the person was arrested for the crime for which he or she was last incarcerated in the state prison or from which he or she was last returned from parole.

(2) In a case where the person committed a crime while being held for treatment in a state hospital, or while being confined in a state prison

or local jail facility, the county wherein that facility was located shall not be considered the county of domicile unless the person resided in that county prior to being housed in the hospital, prison, or jail.

(c) For the purposes of this section, "extraordinary circumstances" means circumstances that would inordinately limit the department's ability to effect conditional release of the person in the county of domicile in accordance with Section 6608 or any other provision of this article, and the procedures described in Sections 1605 to 1610, inclusive, of the Penal Code.

(d) The county of domicile shall designate a county agency or program that will provide assistance and consultation in the process of locating and securing housing within the county for persons committed as sexually violent predators who are about to be conditionally released under Section 6608. Upon notification by the department of a person's potential or expected conditional release under Section 6608, the county of domicile shall notify the department of the name of the designated agency or program, at least 60 days before the date of the potential or expected release.

(e) In recommending a specific placement for community outpatient treatment, the department or its designee shall consider all of the following:

(1) The concerns and proximity of the victim or the victim's next of kin.

(2) The age and profile of the victim or victims in the sexually violent offenses committed by the person subject to placement. For purposes of this subdivision, the "profile" of a victim includes, but is not limited to, gender, physical appearance, economic background, profession, and other social or personal characteristics.

(f) Notwithstanding any other provision of law, a person released under this section shall not be placed within one-quarter mile of any public or private school providing instruction in kindergarten or any of grades 1 to 12, inclusive, if either of the following conditions exist:

(1) The person has previously been convicted of a violation of Section 288.5 of, or subdivision (a) or (b), or paragraph (1) of subdivision (c) of Section 288 of, the Penal Code.

(2) The court finds that the person has a history of improper sexual conduct with children.

SEC. 2. Section 1.5 of this bill incorporates amendments to Section 6608.5 of the Welfare and Institutions Code proposed by both this bill and SB 723. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 6608.5 of the Welfare and Institutions Code, and (3) this bill is

enacted after SB 723, in which case Section 1 of this bill shall not become operative.

CHAPTER 163

An act to amend Section 11166.01 of the Penal Code, and to amend Section 15630 of the Welfare and Institutions Code, relating to abuse.

[Approved by Governor September 2, 2005. Filed with Secretary of State September 2, 2005.]

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

SECTION 1. Section 11166.01 of the Penal Code is amended to read:

11166.01. (a) Except as provided in subdivision (b), any supervisor or administrator who violates paragraph (1) of subdivision (h) of Section 11166 shall be punished by not more than six months in a county jail, by a fine of not more than one thousand dollars ($1,000), or by both that fine and imprisonment.

(b) Notwithstanding Section 11162, any mandated reporter who willfully fails to report abuse or neglect, or any person who impedes or inhibits a report of abuse or neglect, in violation of this article, where that abuse or neglect results in death or great bodily injury, shall be punished by not more than one year in a county jail, by a fine of not more than five thousand dollars ($5,000), or by both that fine and imprisonment.

SEC. 2. Section 15630 of the Welfare and Institutions Code is amended to read:

15630. (a) Any person who has assumed full or intermittent responsibility for the care or custody of an elder or dependent adult, whether or not he or she receives compensation, including administrators, supervisors, and any licensed staff of a public or private facility that provides care or services for elder or dependent adults, or any elder or dependent adult care custodian, health practitioner, clergy member, or employee of a county adult protective services agency or a local law enforcement agency, is a mandated reporter.

(b) (1) Any mandated reporter who, in his or her professional capacity, or within the scope of his or her employment, has observed or has knowledge of an incident that reasonably appears to be physical abuse, as defined in Section 15610.63 of the Welfare and Institutions Code, abandonment, abduction, isolation, financial abuse, or neglect, or

is told by an elder or dependent adult that he or she has experienced behavior, including an act or omission, constituting physical abuse, as defined in Section 15610.63 of the Welfare and Institutions Code, abandonment, abduction, isolation, financial abuse, or neglect, or reasonably suspects that abuse, shall report the known or suspected instance of abuse by telephone immediately or as soon as practicably possible, and by written report sent within two working days, as follows:

(A) If the abuse has occurred in a long-term care facility, except a state mental health hospital or a state developmental center, the report shall be made to the local ombudsperson or the local law enforcement agency.

Except in an emergency, the local ombudsperson and the local law enforcement agency shall, as soon as practicable, do all of the following:

(i) Report to the State Department of Health Services any case of known or suspected abuse occurring in a long-term health care facility, as defined in subdivision (a) of Section 1418 of the Health and Safety Code.

(ii) Report to the State Department of Social Services any case of known or suspected abuse occurring in a residential care facility for the elderly, as defined in Section 1569.2 of the Health and Safety Code, or in an adult day care facility, as defined in paragraph (2) of subdivision (a) of Section 1502.

(iii) Report to the State Department of Health Services and the California Department of Aging any case of known or suspected abuse occurring in an adult day health care center, as defined in subdivision (b) of Section 1570.7 of the Health and Safety Code.

(iv) Report to the Bureau of Medi-Cal Fraud and Elder Abuse any case of known or suspected criminal activity.

(B) If the suspected or alleged abuse occurred in a state mental hospital or a state developmental center, the report shall be made to designated investigators of the State Department of Mental Health or the State Department of Developmental Services, or to the local law enforcement agency.

Except in an emergency, the local law enforcement agency shall, as soon as practicable, report any case of known or suspected criminal activity to the Bureau of Medi-Cal Fraud and Elder Abuse.

(C) If the abuse has occurred any place other than one described in subparagraph (A), the report shall be made to the adult protective services agency or the local law enforcement agency.

(2) (A) A mandated reporter who is a clergy member who acquires knowledge or reasonable suspicion of elder or dependent adult abuse during a penitential communication is not subject to paragraph (1). For purposes of this subdivision, "penitential communication" means a

communication that is intended to be in confidence, including, but not limited to, a sacramental confession made to a clergy member who, in the course of the discipline or practice of his or her church, denomination, or organization is authorized or accustomed to hear those communications and under the discipline tenets, customs, or practices of his or her church, denomination, or organization, has a duty to keep those communications secret.

(B) Nothing in this subdivision shall be construed to modify or limit a clergy member's duty to report known or suspected elder and dependent adult abuse when he or she is acting in the capacity of a care custodian, health practitioner, or employee of an adult protective services agency.

(C) Notwithstanding any other provision in this section, a clergy member who is not regularly employed on either a full-time or part-time basis in a long-term care facility or does not have care or custody of an elder or dependent adult shall not be responsible for reporting abuse or neglect that is not reasonably observable or discernible to a reasonably prudent person having no specialized training or experience in elder or dependent care.

(3) (A) A mandated reporter who is a physician and surgeon, a registered nurse, or a psychotherapist, as defined in Section 1010 of the Evidence Code, shall not be required to report, pursuant to paragraph (1), an incident where all of the following conditions exist:

(i) The mandated reporter has been told by an elder or dependent adult that he or she has experienced behavior constituting physical abuse, as defined in Section 15610.63 of the Welfare and Institutions Code, abandonment, abduction, isolation, financial abuse, or neglect.

(ii) The mandated reporter is not aware of any independent evidence that corroborates the statement that the abuse has occurred.

(iii) The elder or dependent adult has been diagnosed with a mental illness or dementia, or is the subject of a court-ordered conservatorship because of a mental illness or dementia.

(iv) In the exercise of clinical judgment, the physician and surgeon, the registered nurse, or the psychotherapist, as defined in Section 1010 of the Evidence Code, reasonably believes that the abuse did not occur.

(B) This paragraph shall not be construed to impose upon mandated reporters a duty to investigate a known or suspected incident of abuse and shall not be construed to lessen or restrict any existing duty of mandated reporters.

(4) (A) In a long-term care facility, a mandated reporter shall not be required to report as a suspected incident of abuse, as defined in Section 15610.07, an incident where all of the following conditions exist:

(i) The mandated reporter is aware that there is a proper plan of care.

(ii) The mandated reporter is aware that the plan of care was properly provided or executed.

(iii) A physical, mental, or medical injury occurred as a result of care provided pursuant to clause (i) or (ii).

(iv) The mandated reporter reasonably believes that the injury was not the result of abuse.

(B) This paragraph shall not be construed to require a mandated reporter to seek, nor to preclude a mandated reporter from seeking, information regarding a known or suspected incident of abuse prior to reporting. This paragraph shall apply only to those categories of mandated reporters that the State Department of Health Services determines, upon approval by the Bureau of Medi-Cal Fraud and Elder Abuse and the state long-term care ombudsperson, have access to plans of care and have the training and experience necessary to determine whether the conditions specified in this section have been met.

(c) (1) Any mandated reporter who has knowledge, or reasonably suspects, that types of elder or dependent adult abuse for which reports are not mandated have been inflicted upon an elder or dependent adult, or that his or her emotional well-being is endangered in any other way, may report the known or suspected instance of abuse.

(2) If the suspected or alleged abuse occurred in a long-term care facility other than a state mental health hospital or a state developmental center, the report may be made to the long-term care ombudsperson program. Except in an emergency, the local ombudsperson shall report any case of known or suspected abuse to the State Department of Health Services and any case of known or suspected criminal activity to the Bureau of Medi-Cal Fraud and Elder Abuse, as soon as is practicable.

(3) If the suspected or alleged abuse occurred in a state mental health hospital or a state developmental center, the report may be made to the designated investigator of the State Department of Mental Health or the State Department of Developmental Services or to a local law enforcement agency or to the local ombudsperson. Except in an emergency, the local ombudsperson and the local law enforcement agency shall report any case of known or suspected criminal activity to the Bureau of Medi-Cal Fraud and Elder Abuse, as soon as is practicable.

(4) If the suspected or alleged abuse occurred in a place other than a place described in paragraph (2) or (3), the report may be made to the county adult protective services agency.

(5) If the conduct involves criminal activity not covered in subdivision (b), it may be immediately reported to the appropriate law enforcement agency.

(d) When two or more mandated reporters are present and jointly have knowledge or reasonably suspect that types of abuse of an elder or

a dependent adult for which a report is or is not mandated have occurred, and when there is agreement among them, the telephone report may be made by a member of the team selected by mutual agreement, and a single report may be made and signed by the selected member of the reporting team. Any member who has knowledge that the member designated to report has failed to do so shall thereafter make the report.

(e) A telephone report of a known or suspected instance of elder or dependent adult abuse shall include, if known, the name of the person making the report, the name and age of the elder or dependent adult, the present location of the elder or dependent adult, the names and addresses of family members or any other adult responsible for the elder's or dependent adult's care, the nature and extent of the elder's or dependent adult's condition, the date of the incident, and any other information, including information that led that person to suspect elder or dependent adult abuse, as requested by the agency receiving the report.

(f) The reporting duties under this section are individual, and no supervisor or administrator shall impede or inhibit the reporting duties, and no person making the report shall be subject to any sanction for making the report. However, internal procedures to facilitate reporting, ensure confidentiality, and apprise supervisors and administrators of reports may be established, provided they are not inconsistent with this chapter.

(g) (1) Whenever this section requires a county adult protective services agency to report to a law enforcement agency, the law enforcement agency shall, immediately upon request, provide a copy of its investigative report concerning the reported matter to that county adult protective services agency.

(2) Whenever this section requires a law enforcement agency to report to a county adult protective services agency, the county adult protective services agency shall, immediately upon request, provide to that law enforcement agency a copy of its investigative report concerning the reported matter.

(3) The requirement to disclose investigative reports pursuant to this subdivision shall not include the disclosure of social services records or case files that are confidential, nor shall this subdivision be construed to allow disclosure of any reports or records if the disclosure would be prohibited by any other provision of state or federal law.

(h) Failure to report, or impeding or inhibiting a report of, physical abuse, as defined in Section 15610.63 of the Welfare and Institutions Code, abandonment, abduction, isolation, financial abuse, or neglect of an elder or dependent adult, in violation of this section, is a misdemeanor, punishable by not more than six months in the county jail, by a fine of not more than one thousand dollars ($1,000), or by both that fine and

imprisonment. Any mandated reporter who willfully fails to report, or impedes or inhibits a report of, physical abuse, as defined in Section 15610.63 of the Welfare and Institutions Code, abandonment, abduction, isolation, financial abuse, or neglect of an elder or dependent adult, in violation of this section, where that abuse results in death or great bodily injury, shall be punished by not more than one year in a county jail, by a fine of not more than five thousand dollars ($5,000), or by both that fine and imprisonment. If a mandated reporter intentionally conceals his or her failure to report an incident known by the mandated reporter to be abuse or severe neglect under this section, the failure to report is a continuing offense until a law enforcement agency specified in paragraph (1) of subdivision (b) of Section 15630 of the Welfare and Institutions Code discovers the offense.

(i) For purposes of this section, "dependent adult" shall have the same meaning as in Section 15610.23.

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

CHAPTER 164

An act to amend Section 11837 of the Health and Safety Code, and to amend Sections 23538 and 23556 of the Vehicle Code, relating to driving under the influence.

[Approved by Governor September 2, 2005. Filed with Secretary of State September 2, 2005.]

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

SECTION 1. The Legislature finds and declares the following:

(a) Driving under the influence (DUI) of alcohol or drugs or both continues to be a significant threat to the public health and safety.

(b) Despite significant progress and declining rates of DUI in the last two decades, fatalities associated with this conduct have increased for the past several years.

(c) Two hundred thirty-six more people died from DUI conduct in 2001 than in 1998.

(d) Nearly 180,000 people were arrested for DUI offenses in 2001, of which 45,000, or 25 percent, were repeat offenders.

(e) According to the National Highway Transportation Safety Administration, during 2003, 17,013 people died in alcohol-related motor vehicle crashes. This equates to 40 percent of all traffic-related deaths.

(f) According to the Department of Motor Vehicles, the number of drunken driving deaths in California has increased more than 50 percent in the past five years.

SEC. 2. Section 11837 of the Health and Safety Code, as amended by Section 1 of Chapter 551 of the Statutes of 2004, is amended to read:

11837. (a) Pursuant to the provisions of law relating to suspension of a person's privilege to operate a motor vehicle upon conviction for driving while under the influence of any alcoholic beverage or drug, or under the combined influence of any alcoholic beverage and any drug, as set forth in paragraph (3) of subdivision (a) of Section 13352 of the Vehicle Code, the Department of Motor Vehicles shall restrict the driving privilege pursuant to Section 13352.5 of the Vehicle Code, if the person convicted of that offense participates for at least 18 months in a driving-under-the-influence program that is licensed pursuant to this chapter.

(b) In determining whether to refer a person, who is ordered to participate in a program pursuant to Section 668 of the Harbors and Navigation Code, in a licensed alcohol and other drug education and counseling services program pursuant to Section 23538 of the Vehicle Code, or, pursuant to Section 23542, 23548, 23552, 23556, 23562, or 23568 of the Vehicle Code, in a licensed 18-month or 30-month program, the court may consider any relevant information about the person made available pursuant to a presentence investigation, that is permitted but not required under Section 23655 of the Vehicle Code, or other screening procedure. That information shall not be furnished, however, by any person who also provides services in a privately operated, licensed program or who has any direct interest in a privately operated, licensed program. In addition, the court shall obtain from the Department of Motor Vehicles a copy of the person's driving record to determine whether the person is eligible to participate in a licensed 18-month or 30-month program pursuant to this chapter. When preparing a presentence report for the court, the probation department may consider the suitability of placing the defendant in a treatment program that includes the administration of nonscheduled nonaddicting medications to ameliorate an alcohol or controlled substance problem. If the probation department recommends that this type of program is a suitable option for the

defendant, the defendant who would like the court to consider this option shall obtain from his or her physician a prescription for the medication, and a finding that the treatment is medically suitable for the defendant, prior to consideration of this alternative by the court.

(c) (1) The court shall, as a condition of probation pursuant to Section 23538 or 23556 of the Vehicle Code, refer a first offender whose concentration of alcohol in his or her blood was less than 0.20 percent, by weight, to participate for at least three months or longer, as ordered by the court, in a licensed program that consists of at least 30 hours of program activities, including those education, group counseling, and individual interview sessions described in this chapter.

(2) Notwithstanding any other provision of law, in granting probation to a first offender described in this subdivision whose concentration of alcohol in the person's blood was 0.20 percent or more, by weight, or the person refused to take a chemical test, the court shall order the person to participate, for at least nine months or longer, as ordered by the court, in a licensed program that consists of at least 60 hours of program activities, including those education, group counseling, and individual interview sessions described in this chapter.

(d) (1) The State Department of Alcohol and Drug Programs shall specify in regulations the activities required to be provided in the treatment of participants receiving nine months of licensed program services under Section 23538 or 23556 of the Vehicle Code.

(2) Any program licensed pursuant to this chapter may provide treatment services to participants receiving at least six months of licensed program services under Section 23538 or 23556 of the Vehicle Code.

(e) The court may, subject to Section 11837.2, and as a condition of probation, refer a person to a licensed program, even though the person's privilege to operate a motor vehicle is restricted, suspended, or revoked. An 18-month program described in Section 23542 or 23562 of the Vehicle Code or a 30-month program described in Section 23548, 23552, or 23568 of the Vehicle Code may include treatment of family members and significant other persons related to the convicted person with the consent of those family members and others as described in this chapter, if there is no increase in the costs of the program to the convicted person.

(f) The clerk of the court shall indicate the duration of the program in which the judge has ordered the person to participate in the abstract of the record of the court that is forwarded to the department.

(g) This section shall become operative on September 20, 2005.

SEC. 3. Section 23538 of the Vehicle Code, as added by Chapter 551 of the Statutes of 2004, is amended to read:

23538. (a) (1) If the court grants probation to person punished under Section 23536, in addition to the provisions of Section 23600 and any

other terms and conditions imposed by the court, the court shall impose as a condition of probation that the person pay a fine of at least three hundred ninety dollars ($390), but not more than one thousand dollars ($1,000). The court may also impose, as a condition of probation, that the person be confined in a county jail for at least 48 hours, but not more than six months.

(2) The person's privilege to operate a motor vehicle shall be suspended by the department under paragraph (1) of subdivision (a) of Section 13352. The court shall require the person to surrender the driver's license to the court in accordance with Section 13550.

(3) Whenever, when considering the circumstances taken as a whole, the court determines that the person punished under this section would present a traffic safety or public safety risk if authorized to operate a motor vehicle during the period of suspension imposed under paragraph (1) of subdivision (a) of Section 13352, the court may disallow the issuance of a restricted driver's license required under Section 13352.4.

(b) In any county where the board of supervisors has approved, and the State Department of Alcohol and Drug Programs has licensed, a program or programs described in Section 11837.3 of the Health and Safety Code, the court shall also impose as a condition of probation that the driver shall enroll and participate in, and successfully complete a driving-under-the-influence program, licensed pursuant to Section 11836 of the Health and Safety Code, in the driver's county of residence or employment, as designated by the court. For the purposes of this subdivision, enrollment in, participation in, and completion of an approved program shall be subsequent to the date of the current violation. Credit may not be given for any program activities completed prior to the date of the current violation.

(1) The court shall refer a first offender whose blood-alcohol concentration was less than 0.20 percent, by weight, to participate for at least three months or longer, as ordered by the court, in a licensed program that consists of at least 30 hours of program activities, including those education, group counseling, and individual interview sessions described in Chapter 9 (commencing with Section 11836) of Part 2 of Division 10.5 of the Health and Safety Code.

(2) The court shall refer a first offender whose blood-alcohol concentration was 0.20 percent or more, by weight, or who refused to take a chemical test, to participate for at least nine months or longer, as ordered by the court, in a licensed program that consists of at least 60 hours of program activities, including those education, group counseling, and individual interview sessions described in Chapter 9 (commencing with Section 11836) of Part 2 of Division 10.5 of the Health and Safety Code.

(3) The court shall advise the person at the time of sentencing that the driving privilege shall not be restored until proof satisfactory to the department of successful completion of a driving-under-the-influence program of the length required under this code that is licensed pursuant to Section 11836 of the Health and Safety Code has been received in the department's headquarters.

(c) (1) The court shall revoke the person's probation pursuant to Section 23602, except for good cause shown, for the failure to enroll in, participate in, or complete a program specified in subdivision (b).

(2) The court, in establishing reporting requirements, shall consult with the county alcohol program administrator. The county alcohol program administrator shall coordinate the reporting requirements with the department and with the State Department of Alcohol and Drug Programs. That reporting shall ensure that all persons who, after being ordered to attend and complete a program, may be identified for either (A) failure to enroll in, or failure to successfully complete, the program, or (B) successful completion of the program as ordered.

(d) This section shall become operative on September 20, 2005.

SEC. 4. Section 23556 of the Vehicle Code, as amended by Section 21 of Chapter 551 of the Statutes of 2004, is amended to read:

23556. (a) (1) If the court grants probation to any person punished under Section 23554, in addition to the provisions of Section 23600 and any other terms and conditions imposed by the court, the court shall impose as a condition of probation that the person be confined in the county jail for at least five days but not more than one year and pay a fine of at least three hundred ninety dollars ($390) but not more than one thousand dollars ($1,000).

(2) The person's privilege to operate a motor vehicle shall be suspended by the department under paragraph (2) of subdivision (a) of Section 13352. The court shall require the person to surrender the driver's license to the court in accordance with Section 13550.

(b) (1) In a county where the county alcohol program administrator has certified, and the board of supervisors has approved, a program or programs, the court shall also impose as a condition of probation that the driver shall participate in, and successfully complete, an alcohol and other drug education and counseling program, established pursuant to Section 11837.3 of the Health and Safety Code, as designated by the court.

(2) In any county where the board of supervisors has approved and the State Department of Alcohol and Drug Programs has licensed an alcohol and other drug education and counseling program, the court shall also impose as a condition of probation that the driver enroll in, participate in, and successfully complete, a driving-under-the-influence

program licensed pursuant to Section 11836 of the Health and Safety Code, in the driver's county of residence or employment, as designated by the court. For the purposes of this paragraph, enrollment in, participation in, and completion of, an approved program shall be subsequent to the date of the current violation. Credit may not be given to any program activities completed prior to the date of the current violation.

(3) The court shall refer a first offender whose blood-alcohol concentration was less than 0.20 percent, by weight, to participate for three months or longer, as ordered by the court, in a licensed program that consists of at least 30 hours of program activities, including those education, group counseling, and individual interview sessions described in Chapter 9 (commencing with Section 11836) of Part 2 of Division 10.5 of the Health and Safety Code.

(4) The court shall refer a first offender whose blood-alcohol concentration was 0.20 percent or more, by weight, or who refused to take a chemical test, to participate for nine months or longer, as ordered by the court, in a licensed program that consists of at least 60 hours of program activities, including those education, group counseling, and individual interview sessions described in Chapter 9 (commencing with Section 11836) of Part 2 of Division 10.5 of the Health and Safety Code.

(c) (1) The court shall revoke the person's probation pursuant to Section 23602, except for good cause shown, for the failure to enroll in, participate in, or complete a program specified in subdivision (b).

(2) The court, in establishing reporting requirements, shall consult with the county alcohol program administrator. The county alcohol program administrator shall coordinate the reporting requirements with the department and with the Department of Alcohol and Drug Programs. That reporting shall ensure that all persons who, after being ordered to attend and complete a program, may be identified for either (A) failure to enroll in, or failure to successfully complete, the program, or (B) successful completion of the program as ordered.

(d) The court shall advise the person at the time of sentencing that the driving privilege shall not be restored until the person has provided proof satisfactory to the department of successful completion of a driving-under-the-influence program of the length required under this code that is licensed pursuant to Section 11836 of the Health and Safety Code.

(e) This section shall become operative on September 20, 2005.

CHAPTER 165

An act to amend Section 51032 of the Government Code, relating to massage.

[Approved by Governor September 2, 2005. Filed with Secretary of State September 2, 2005.]

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

SECTION 1. Section 51032 of the Government Code is amended to read:

51032. (a) The ordinance may also provide that a license to engage in the business of massage may be denied upon a showing by the licensing authority of either of the following:

(1) Proof that the massage personnel and the owners or operators of a massage business have been convicted of a violation of Section 266i, 315, 316, 318, or subdivision (b) of Section 647 of the Penal Code, or proof that the massage personnel or the owners or operators of a massage business have been convicted in any other state of any offense which, if committed or attempted in this state, would have been punishable as one or more of the above-mentioned offenses of this subdivision.

(2) Proof that the massage personnel and the owners or operators of a massage business have been convicted of any felony offense involving the sale of a controlled substance specified in Section 11054, 11055, 11056, 11057, or 11058 of the Health and Safety Code or proof that the massage personnel or the owners or operators of the massage business have been convicted in any other state of any offense which, if committed or attempted in this state, would have been punishable as one or more of the above-mentioned offenses of this subdivision.

(b) The ordinance shall also provide that a license to engage in the business of massage shall be denied upon a showing by the licensing authority of proof that the massage personnel or the owners or operators of a massage business are required to register under the provisions of Section 290 of the Penal Code.

CHAPTER 166

An act to amend Sections 27000 and 42001 of, and to add Section 42001.20 to, the Vehicle Code, relating to vehicles.

[Approved by Governor September 2, 2005. Filed with
Secretary of State September 2, 2005.]

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

SECTION 1. This act shall be known as Kaycie's law.

SEC. 2. Section 27000 of the Vehicle Code is amended to read:

27000. (a) A motor vehicle, when operated upon a highway, shall be equipped with a horn in good working order and capable of emitting sound audible under normal conditions from a distance of not less than 200 feet, but no horn shall emit an unreasonably loud or harsh sound. An authorized emergency vehicle may be equipped with, and use in conjunction with the siren on that vehicle, an air horn that emits sounds that do not comply with the requirements of this section.

(b) A refuse or garbage truck shall be equipped with an automatic backup audible alarm that sounds on backing and is capable of emitting sound audible under normal conditions from a distance of not less than 100 feet or shall be equipped with an automatic backup device that is in good working order, located at the rear of the vehicle and that immediately applies the service brake of the vehicle on contact by the vehicle with any obstruction to the rear. The backup device or alarm shall also be capable of operating automatically when the vehicle is in neutral or a forward gear but rolls backward.

(c) A refuse or garbage truck, except a vehicle, known as a rolloff vehicle, that is used for the express purpose of transporting waste containers such as open boxes or compactors, purchased after January 1, 2010, shall also be equipped with a functioning camera providing a video display for the driver that enhances or supplements the drivers' view behind the truck for the purpose of safely maneuvering the truck.

SEC. 3. Section 42001 of the Vehicle Code is amended to read:

42001. (a) Except as provided in subdivision (e) of Section 21464, or Section 42000.5, 42001.1, 42001.2, 42001.3, 42001.5, 42001.7, 42001.8, 42001.9, 42001.11, 42001.12, 42001.13, 42001.14, 42001.15, 42001.16, or subdivision (a) of Section 42001.17, Section 42001.18, or Section 42001.20, or subdivision (b), (c), or (d) of this section, or Article 2 (commencing with Section 42030), every person convicted of an infraction for a violation of this code or of any local ordinance adopted pursuant to this code shall be punished as follows:

(1) By a fine not exceeding one hundred dollars ($100).

(2) For a second infraction occurring within one year of a prior infraction which resulted in a conviction, a fine not exceeding two hundred dollars ($200).

(3) For a third or any subsequent infraction occurring within one year of two or more prior infractions which resulted in convictions, a fine not exceeding two hundred fifty dollars ($250).

(b) Every person convicted of a misdemeanor violation of Section 2800, 2801, or 2803, insofar as they affect failure to stop and submit to inspection of equipment or for an unsafe condition endangering any person, shall be punished as follows:

(1) By a fine not exceeding fifty dollars ($50) or imprisonment in the county jail not exceeding five days.

(2) For a second conviction within a period of one year, a fine not exceeding one hundred dollars ($100) or imprisonment in the county jail not exceeding 10 days, or both that fine and imprisonment.

(3) For a third or any subsequent conviction within a period of one year, a fine not exceeding five hundred dollars ($500) or imprisonment in the county jail not exceeding six months, or both that fine and imprisonment.

(c) A pedestrian convicted of an infraction for a violation of this code or any local ordinance adopted pursuant to this code shall be punished by a fine not exceeding fifty dollars ($50).

(d) A person convicted of a violation of subdivision (a) or (b) of Section 27150.3 shall be punished by a fine of two hundred fifty dollars ($250), and a person convicted of a violation of subdivision (c) of Section 27150.3 shall be punished by a fine of one thousand dollars ($1,000).

(e) Notwithstanding any other provision of law, any local public entity that employs peace officers, as designated under Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, the California State University, and the University of California may, by ordinance or resolution, establish a schedule of fines applicable to infractions committed by bicyclists within its jurisdiction. Any fine, including all penalty assessments and court costs, established pursuant to this subdivision shall not exceed the maximum fine, including penalty assessment and court costs, otherwise authorized by this code for that violation. If a bicycle fine schedule is adopted, it shall be used by the courts having jurisdiction over the area within which the ordinance or resolution is applicable instead of the fines, including penalty assessments and court costs, otherwise applicable under this code.

SEC. 4. Section 42001.20 is added to the Vehicle Code, to read:

42001.20. Notwithstanding any other provision of law, a person who violates subdivision (b) or (c) of Section 27000 is punishable as follows:

(a) By a fine of one hundred fifty dollars ($150).

(b) For a second infraction occurring within one year of a prior infraction that resulted in a conviction, a fine not exceeding two hundred dollars ($200).

(c) For a third or any subsequent infraction occurring within one year of two or more prior infractions that resulted in convictions, a fine, not exceeding two hundred fifty dollars ($250).

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.

CHAPTER 167

An act to amend Section 11108 of the Penal Code, relating to firearms.

[Approved by Governor September 2, 2005. Filed with Secretary of State September 2, 2005.]

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

SECTION 1. Section 11108 of the Penal Code is amended to read:

11108. (a) Each sheriff or police chief executive shall submit descriptions of serialized property, or nonserialized property that has been uniquely inscribed, which has been reported stolen, lost, found, recovered or under observation, directly into the appropriate Department of Justice automated property system for firearms, stolen bicycles, stolen vehicles, or other property, as the case may be.

(b) Information about a firearm entered into the automated system for firearms shall remain in the system until the reported firearm has been found, recovered, is no longer under observation, or the record is determined to have been entered in error.

(c) Any costs incurred by the Department of Justice to implement subdivision (b) shall be reimbursed from funds other than the fees charged and collected pursuant to subdivisions (e) and (f) of Section 12076.

CHAPTER 168

An act to add Section 14998.13 to the Government Code, relating to the California Film Commission.

[Approved by Governor September 2, 2005. Filed with
Secretary of State September 2, 2005.]

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

SECTION 1. Section 14998.13 is added to the Government Code, to read:

14998.13. (a) As a means to carry out the California Film Commission's purposes of encouraging and promoting motion picture and television filming in California and maintaining and improving the position of the state's motion picture industry in the national and world markets, there is hereby created in the State Treasury, the Film Promotion and Marketing Fund.

(b) The Treasurer shall invest moneys contained in the Film Promotion and Marketing Fund not needed to meet current obligations in the same manner as other public funds are invested. Interest that accrues from the investments shall be credited to the fund.

(c) Proceeds that accrue to the state from the sales of location library documents, photocopying, and other film-related informational documents shall be deposited in the fund.

(d) The commission may receive and accept for deposit in the Film Promotion and Marketing Fund moneys from any and all public or private sources that support the purposes within this chapter.

(e) Moneys in the Film Promotion and Marketing Fund shall be available for expenditure by the commission, upon appropriation by the Legislature, for activities performed consistent with the Cooperative Motion Picture Marketing Plan pursuant to Section 14998.12.

CHAPTER 169

An act to validate the organization, boundaries, acts, proceedings, and bonds of public bodies, and to provide limitations of time wherein actions may be commenced, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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

SECTION 1. This act shall be known and may be cited as the Second Validating Act of 2005.

SEC. 2. As used in this act:

(a) "Public body" means the state and all departments, agencies, boards, commissions, and authorities of the state. "Public body" also means all counties, cities and counties, cities, districts, authorities, agencies, boards, commissions, and other entities, whether created by a general statute or a special act, including, but not limited to, the following:

Agencies, boards, commissions, or entities constituted or provided for under or pursuant to the Joint Exercise of Powers Act, Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

Air pollution control districts of any kind.

Air quality management districts.

Airport districts.

Assessment districts, benefit assessment districts, and special assessment districts of any public body.

Bridge and highway districts.

California water districts.

Citrus pest control districts.

City maintenance districts.

Community college districts.

Community development commissions.

Community facilities districts.

Community redevelopment agencies.

Community rehabilitation districts.

Community services districts.

Conservancy districts.

Cotton pest abatement districts.

County boards of education.

County drainage districts.

County flood control and water districts.

County free library systems.

County maintenance districts.

County sanitation districts.

County service areas.

County transportation commissions.

County water agencies.

County water authorities.

County water districts.

County waterworks districts.

Department of Water Resources and other agencies acting pursuant to Part 3 (commencing with Section 11100) of Division 6 of the Water Code.

Distribution districts of any public body.
Drainage districts.
Fire protection districts.
Flood control and water conservation districts.
Flood control districts.
Garbage and refuse disposal districts.
Garbage disposal districts.
Geologic hazard abatement districts.
Harbor districts.
Harbor improvement districts.
Harbor, recreation, and conservation districts.
Health care authorities.
Highway districts.
Highway interchange districts.
Highway lighting districts.
Housing authorities.
Improvement districts or improvement areas of any public body.
Industrial development authorities.
Infrastructure financing districts.
Integrated financing districts.
Irrigation districts.
Joint highway districts.
Levee districts.
Library districts.
Library districts in unincorporated towns and villages.
Local agency formation commissions.
Local health care districts.
Local health districts.
Local hospital districts.
Local transportation authorities or commissions.
Maintenance districts.
Memorial districts.
Metropolitan transportation commissions.
Metropolitan water districts.
Mosquito abatement or vector control districts.
Municipal improvement districts.
Municipal utility districts.
Municipal water districts.
Nonprofit corporations.
Nonprofit public benefit corporations.
Open-space maintenance districts.
Parking authorities.
Parking districts.

Permanent road divisions.
Pest abatement districts.
Police protection districts.
Port districts.
Project areas of community redevelopment agencies.
Protection districts.
Public cemetery districts.
Public utility districts.
Rapid transit districts.
Reclamation districts.
Recreation and park districts.
Regional justice facility financing agencies.
Regional park and open-space districts.
Regional planning districts.
Regional transportation commissions.
Resort improvement districts.
Resource conservation districts.
River port districts.
Road maintenance districts.
Sanitary districts.
School districts of any kind or class.
School facilities improvement districts.
Separation of grade districts.
Service authorities for freeway emergencies.
Sewer districts.
Sewer maintenance districts.
Small craft harbor districts.
Special municipal tax districts.
Stone and pome fruit pest control districts.
Storm drain maintenance districts.
Storm drainage districts.
Storm drainage maintenance districts.
Storm water districts.
Toll tunnel authorities.
Traffic authorities.
Transit development boards.
Transit districts.
Unified and union school districts' public libraries.
Vehicle parking districts.
Water agencies.
Water authorities.
Water conservation districts.
Water districts.

Water replenishment districts.

Water storage districts.

Wine grape pest and disease control districts.

Zones, improvement zones, or service zones of any public body.

(b) "Bonds" means all instruments evidencing an indebtedness of a public body incurred or to be incurred for any public purpose, all leases, installment purchase agreements, or similar agreements wherein the obligor is one or more public bodies, all instruments evidencing the borrowing of money in anticipation of taxes, revenues, or other income of that body, all instruments payable from revenues or special funds of those public bodies, all certificates of participation evidencing interests in the leases, installment purchase agreements, or similar agreements, and all instruments funding, refunding, replacing, or amending any thereof or any indebtedness.

(c) "Hereafter" means any time subsequent to the effective date of this act.

(d) "Heretofore" means any time prior to the effective date of this act.

(e) "Now" means the effective date of this act.

SEC. 3. All public bodies heretofore organized or existing under, or under color of, any law, are hereby declared to have been legally organized and to be legally functioning as those public bodies. Every public body, heretofore described, shall have all the rights, powers, and privileges, and be subject to all the duties and obligations, of those public bodies regularly formed pursuant to law.

SEC. 4. The boundaries of every public body as heretofore established, defined, or recorded, or as heretofore actually shown on maps or plats used by the assessor, are hereby confirmed, validated, and declared legally established.

SEC. 5. All acts and proceedings heretofore taken by any public body or bodies under any law, or under color of any law, for the annexation or inclusion of territory into those public bodies or for the annexation of those public bodies to any other public body or for the detachment, withdrawal, or exclusion of territory from any public body or for the consolidation, merger, or dissolution of any public bodies are hereby confirmed, validated, and declared legally effective. This shall include all acts and proceedings of the governing board of any public body and of any person, public officer, board, or agency heretofore done or taken upon the question of the annexation or inclusion or of the withdrawal or exclusion of territory or the consolidation, merger, or dissolution of those public bodies.

SEC. 6. (a) All acts and proceedings heretofore taken by or on behalf of any public body under any law, or under color of any law, for, or in

connection with, the authorization, issuance, sale, execution, delivery, or exchange of bonds of any public body for any public purpose are hereby authorized, confirmed, validated, and declared legally effective. This shall include all acts and proceedings of the governing board of public bodies and of any person, public officer, board, or agency heretofore done or taken upon the question of the authorization, issuance, sale, execution, delivery, or exchange of bonds.

(b) All bonds of, or relating to, any public body heretofore issued shall be, in the form and manner issued and delivered, the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore awarded and sold to a purchaser and hereafter issued and delivered in accordance with the contract of sale and other proceedings for the award and sale shall be the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore authorized to be issued by ordinance, resolution, order, or other action adopted or taken by or on behalf of the public body and hereafter issued and delivered in accordance with that authorization shall be the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore authorized to be issued at an election and hereafter issued and delivered in accordance with that authorization shall be the legal, valid, and binding obligations of the public body. Whenever an election has heretofore been called for the purpose of submitting to the voters of any public body the question of issuing bonds for any public purpose, those bonds, if hereafter authorized by the required vote and in accordance with the proceedings heretofore taken, and issued and delivered in accordance with that authorization, shall be the legal, valid, and binding obligations of the public body.

SEC. 7. (a) This act shall operate to supply legislative authorization as may be necessary to authorize, confirm, and validate any acts and proceedings heretofore taken pursuant to authority the Legislature could have supplied or provided for in the law under which those acts or proceedings were taken.

(b) This act shall be limited to the validation of acts and proceedings to the extent that the same can be effectuated under the state and federal Constitutions.

(c) This act shall not operate to authorize, confirm, validate, or legalize any act, proceeding, or other matter being legally contested or inquired into in any legal proceeding now pending and undetermined or that is pending and undetermined during the period of 30 days from and after the effective date of this act.

(d) This act shall not operate to authorize, confirm, validate, or legalize any act, proceeding, or other matter that has heretofore been determined in any legal proceeding to be illegal, void, or ineffective.

(e) This act shall not operate to authorize, confirm, validate, or legalize a contract between any public body and the United States.

SEC. 8. Any action or proceeding contesting the validity of any action or proceeding heretofore taken under any law, or under color of any law, for the formation, organization, or incorporation of any public body, or for any annexation thereto, detachment or exclusion therefrom, or other change of boundaries thereof, or for the consolidation, merger, or dissolution of any public bodies, or for, or in connection with, the authorization, issuance, sale, execution, delivery, or exchange of bonds thereof upon any ground involving any alleged defect or illegality not effectively validated by the prior provisions of this act and not otherwise barred by any statute of limitations or by laches shall be commenced within six months of the effective date of this act; otherwise each and all of those matters shall be held to be valid and in every respect legal and incontestable. This act shall not extend the period allowed for legal action beyond the period that it would be barred by any presently existing valid statute of limitations.

SEC. 9. Nothing contained in this act shall be construed to render the creation of any public body, or any change in the boundaries of any public body, effective for purposes of assessment or taxation unless the statement, together with the map or plat, required to be filed pursuant to Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code, is filed within the time and substantially in the manner required by those sections.

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 validate the organization, boundaries, acts, proceedings, and bonds of public bodies as soon as possible, it is necessary that this act take immediate effect.

CHAPTER 170

An act to validate the organization, boundaries, acts, proceedings, and bonds of public bodies, and to provide limitations of time wherein actions may be commenced.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. This act shall be known and may be cited as the Third Validating Act of 2005.

SEC. 2. As used in this act:

(a) "Public body" means the state and all departments, agencies, boards, commissions, and authorities of the state. "Public body" also means all counties, cities and counties, cities, districts, authorities, agencies, boards, commissions, and other entities, whether created by a general statute or a special act, including, but not limited to, the following:

Agencies, boards, commissions, or entities constituted or provided for under or pursuant to the Joint Exercise of Powers Act, Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

Air pollution control districts of any kind.

Air quality management districts.

Airport districts.

Assessment districts, benefit assessment districts, and special assessment districts of any public body.

Bridge and highway districts.

California water districts.

Citrus pest control districts.

City maintenance districts.

Community college districts.

Community development commissions.

Community facilities districts.

Community redevelopment agencies.

Community rehabilitation districts.

Community services districts.

Conservancy districts.

Cotton pest abatement districts.

County boards of education.

County drainage districts.

County flood control and water districts.

County free library systems.

County maintenance districts.

County sanitation districts.

County service areas.

County transportation commissions.

County water agencies.

County water authorities.

County water districts.

County waterworks districts.

Department of Water Resources and other agencies acting pursuant to Part 3 (commencing with Section 11100) of Division 6 of the Water Code.

Distribution districts of any public body.

Drainage districts.

Fire protection districts.

Flood control and water conservation districts.

Flood control districts.

Garbage and refuse disposal districts.

Garbage disposal districts.

Geologic hazard abatement districts.

Harbor districts.

Harbor improvement districts.

Harbor, recreation, and conservation districts.

Health care authorities.

Highway districts.

Highway interchange districts.

Highway lighting districts.

Housing authorities.

Improvement districts or improvement areas of any public body.

Industrial development authorities.

Infrastructure financing districts.

Integrated financing districts.

Irrigation districts.

Joint highway districts.

Levee districts.

Library districts.

Library districts in unincorporated towns and villages.

Local agency formation commissions.

Local health care districts.

Local health districts.

Local hospital districts.

Local transportation authorities or commissions.

Maintenance districts.

Memorial districts.

Metropolitan transportation commissions.

Metropolitan water districts.

Mosquito abatement or vector control districts.

Municipal improvement districts.

Municipal utility districts.

Municipal water districts.

Nonprofit corporations.

Nonprofit public benefit corporations.
Open-space maintenance districts.
Parking authorities.
Parking districts.
Permanent road divisions.
Pest abatement districts.
Police protection districts.
Port districts.
Project areas of community redevelopment agencies.
Protection districts.
Public cemetery districts.
Public utility districts.
Rapid transit districts.
Reclamation districts.
Recreation and park districts.
Regional justice facility financing agencies.
Regional park and open-space districts.
Regional planning districts.
Regional transportation commissions.
Resort improvement districts.
Resource conservation districts.
River port districts.
Road maintenance districts.
Sanitary districts.
School districts of any kind or class.
School facilities improvement districts.
Separation of grade districts.
Service authorities for freeway emergencies.
Sewer districts.
Sewer maintenance districts.
Small craft harbor districts.
Special municipal tax districts.
Stone and pome fruit pest control districts.
Storm drain maintenance districts.
Storm drainage districts.
Storm drainage maintenance districts.
Storm water districts.
Toll tunnel authorities.
Traffic authorities.
Transit development boards.
Transit districts.
Unified and union school districts' public libraries.
Vehicle parking districts.

Water agencies.
Water authorities.
Water conservation districts.
Water districts.
Water replenishment districts.
Water storage districts.
Wine grape pest and disease control districts.
Zones, improvement zones, or service zones of any public body.

(b) "Bonds" means all instruments evidencing an indebtedness of a public body incurred or to be incurred for any public purpose, all leases, installment purchase agreements, or similar agreements wherein the obligor is one or more public bodies, all instruments evidencing the borrowing of money in anticipation of taxes, revenues, or other income of that body, all instruments payable from revenues or special funds of those public bodies, all certificates of participation evidencing interests in the leases, installment purchase agreements, or similar agreements, and all instruments funding, refunding, replacing, or amending any thereof or any indebtedness.

(c) "Hereafter" means any time subsequent to the effective date of this act.

(d) "Heretofore" means any time prior to the effective date of this act.

(e) "Now" means the effective date of this act.

SEC. 3. All public bodies heretofore organized or existing under, or under color of, any law, are hereby declared to have been legally organized and to be legally functioning as those public bodies. Every public body, heretofore described, shall have all the rights, powers, and privileges, and be subject to all the duties and obligations, of those public bodies regularly formed pursuant to law.

SEC. 4. The boundaries of every public body as heretofore established, defined, or recorded, or as heretofore actually shown on maps or plats used by the assessor, are hereby confirmed, validated, and declared legally established.

SEC. 5. All acts and proceedings heretofore taken by any public body or bodies under any law, or under color of any law, for the annexation or inclusion of territory into those public bodies or for the annexation of those public bodies to any other public body or for the detachment, withdrawal, or exclusion of territory from any public body or for the consolidation, merger, or dissolution of any public bodies are hereby confirmed, validated, and declared legally effective. This shall include all acts and proceedings of the governing board of any public body and of any person, public officer, board, or agency heretofore done or taken upon the question of the annexation or inclusion or of the withdrawal or

exclusion of territory or the consolidation, merger, or dissolution of those public bodies.

SEC. 6. (a) All acts and proceedings heretofore taken by or on behalf of any public body under any law, or under color of any law, for, or in connection with, the authorization, issuance, sale, execution, delivery, or exchange of bonds of any public body for any public purpose are hereby authorized, confirmed, validated, and declared legally effective. This shall include all acts and proceedings of the governing board of public bodies and of any person, public officer, board, or agency heretofore done or taken upon the question of the authorization, issuance, sale, execution, delivery, or exchange of bonds.

(b) All bonds of, or relating to, any public body heretofore issued shall be, in the form and manner issued and delivered, the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore awarded and sold to a purchaser and hereafter issued and delivered in accordance with the contract of sale and other proceedings for the award and sale shall be the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore authorized to be issued by ordinance, resolution, order, or other action adopted or taken by or on behalf of the public body and hereafter issued and delivered in accordance with that authorization shall be the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore authorized to be issued at an election and hereafter issued and delivered in accordance with that authorization shall be the legal, valid, and binding obligations of the public body. Whenever an election has heretofore been called for the purpose of submitting to the voters of any public body the question of issuing bonds for any public purpose, those bonds, if hereafter authorized by the required vote and in accordance with the proceedings heretofore taken, and issued and delivered in accordance with that authorization, shall be the legal, valid, and binding obligations of the public body.

SEC. 7. (a) This act shall operate to supply legislative authorization as may be necessary to authorize, confirm, and validate any acts and proceedings heretofore taken pursuant to authority the Legislature could have supplied or provided for in the law under which those acts or proceedings were taken.

(b) This act shall be limited to the validation of acts and proceedings to the extent that the same can be effectuated under the state and federal Constitutions.

(c) This act shall not operate to authorize, confirm, validate, or legalize any act, proceeding, or other matter being legally contested or inquired into in any legal proceeding now pending and undetermined or that is

pending and undetermined during the period of 30 days from and after the effective date of this act.

(d) This act shall not operate to authorize, confirm, validate, or legalize any act, proceeding, or other matter that has heretofore been determined in any legal proceeding to be illegal, void, or ineffective.

(e) This act shall not operate to authorize, confirm, validate, or legalize a contract between any public body and the United States.

SEC. 8. Any action or proceeding contesting the validity of any action or proceeding heretofore taken under any law, or under color of any law, for the formation, organization, or incorporation of any public body, or for any annexation thereto, detachment or exclusion therefrom, or other change of boundaries thereof, or for the consolidation, merger, or dissolution of any public bodies, or for, or in connection with, the authorization, issuance, sale, execution, delivery, or exchange of bonds thereof upon any ground involving any alleged defect or illegality not effectively validated by the prior provisions of this act and not otherwise barred by any statute of limitations or by laches shall be commenced within six months of the effective date of this act; otherwise each and all of those matters shall be held to be valid and in every respect legal and incontestable. This act shall not extend the period allowed for legal action beyond the period that it would be barred by any presently existing valid statute of limitations.

SEC. 9. Nothing contained in this act shall be construed to render the creation of any public body, or any change in the boundaries of any public body, effective for purposes of assessment or taxation unless the statement, together with the map or plat, required to be filed pursuant to Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code, is filed within the time and substantially in the manner required by those sections.

CHAPTER 171

An act to amend Section 23396.2 of the Business and Professions Code, relating to alcoholic beverages, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 23396.2 of the Business and Professions Code is amended to read:

23396.2. (a) An on-sale general license for a wine, food and art cultural museum, and educational center authorizes those persons described in subdivision (b) to sell, furnish, or give alcoholic beverages for consumption on the premises and off-sale privileges, as further qualified herein.

(b) For purposes of this division, "a wine, food and art cultural museum, and educational center" is a person which meets all the following conditions:

(1) The retail premises shall include an auditorium, concert terrace, exhibition gallery, teaching kitchen, and library and may be adjacent to a bona fide eating place as defined in Section 23038.

(2) The premises is located in Napa County, operated by a nonprofit entity that is exempt from payment of income taxes under Section 501(c)(3) of the Internal Revenue Code, and includes real estate improvements of a value of at least forty-five million dollars ($45,000,000).

(c) The department shall upon request and qualification issue an on-sale general wine, food and art cultural museum, and educational center licensee a duplicate of the original license for a premises located on commonly owned property contiguous to, or in close proximity to the original licensed premises. As used in this section, "close proximity" shall mean the original licensed premises is no further than 900 feet from the premises issued the duplicate license regardless of whether the two premises are separated by a public or private street, alley, or sidewalk.

(d) There shall be no limit as to the number of events held on an on-sale general wine, food and art cultural museum, and educational center premises or duplicate premises at which a person or persons issued caterer's permits under Section 23399 may sell alcoholic beverages so long as the on-sale general license for a wine, food and art cultural museum, and educational center surrenders its license privileges for any portion of the premises at which a catered event is held for the duration of the event.

(e) A wine, food and art cultural museum, and educational center licensed under this section shall not be included in the definition of "public premises" under Section 23039.

(f) The provisions of Article 2 (commencing with Section 23815) of Chapter 5 do not apply to the issuance of on-sale general licenses for a wine, food and art cultural museum, and educational center. An on-sale wine, food and art cultural museum, and educational center license may

be transferred to another person, qualified pursuant to subdivision (b), but not to another location. A licensee specified in this section shall purchase no alcoholic beverages for sale in this state other than from a wholesaler or winegrower licensee. Notwithstanding any other provision of this division, licensees may donate wine to a person licensed under this section.

(g) Notwithstanding any other provision of this division, a manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, distiller, bottler, importer, or wholesaler may hold the ownership of any interest, directly or indirectly, in the premises and in the license of a wine, food and art cultural museum, and educational center, may serve as an officer, director, employee, or agent of a wine, food and art cultural museum, and educational center licensee, and may sponsor or fund educational programs, special fundraising and promotional events, improvements in capital projects, and the development of exhibits or facilities of and for a wine, food and art cultural museum, and educational center licensee provided the number of items of beer, wine, or distilled spirits by brand, exclusive of wine labeled for the wine, food and art cultural museum, and educational center licensee authorized in subdivision (a) of this section, offered for sale by the wine, food and art cultural museum, and educational center licensee, which are produced, bottled, rectified, distilled, processed, imported, or sold by an individual licensee holding an interest in, serving as an officer, director, employee or agent of, or sponsoring or funding the programs and projects of the retail licensee, does not exceed 15 percent of the total items of beer, wine, or distilled spirits by brand listed and offered for sale in the retail licensed premises.

(h) An applicant for an original on-sale general license for a wine, food and art cultural museum, and educational center shall, at the time of filing the application for the license, accompany the application with a fee of twelve thousand dollars ($12,000). The annual renewal fee for a license issued pursuant to this section shall be the same as the applicable renewal fee for an on-sale general license.

(i) An applicant for a duplicate on-sale general license for a wine, food and art cultural museum, and educational center shall, at the time of filing the application for the license, accompany the application with a fee equal to the license fee for an on-sale general license. The annual renewal fee for a duplicate license issued pursuant to this section shall be the same as the applicable renewal fee for an on-sale general license.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that equal treatment is accorded to similarly situated entities at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 172

An act to add Section 23058 to the Business and Professions Code, relating to alcoholic beverages.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 23058 is added to the Business and Professions Code, to read:

23058. In order to facilitate the board's administration of the Sales and Use Tax Law (Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code), the department shall, each quarter at no cost to the board, electronically transmit to the board a report on the licenses issued or transferred pursuant to this division. The report shall include the names and addresses of all persons to whom the license is issued or transferred, the type of license issued or transferred, and the effective date of the license or transfer. With respect to transfers, the report shall additionally include the names and addresses of the transferors. The information shall be transmitted to the board in a format agreed upon by both the board and the department.

CHAPTER 173

An act to amend Sections 11521.3 and 11521.6 of the Insurance Code, relating to annuities.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 11521.3 of the Insurance Code is amended to read:

11521.3. (a) Prior to admission each applicant shall file with the commissioner an accurate and complete financial statement consisting of a balance sheet and income and expense statement, showing the current condition of the applicant and sworn to by the officer of the applicant having the responsibility for preparing the statement.

(b) If the applicant is already transacting a grants and annuities business in another state, an accurate and complete financial statement showing the condition of the present grants and annuities business, sworn to by the officer having the responsibility for preparing the statement, shall be submitted.

(c) One hundred and twenty days after the end of their fiscal year, every certificate holder, except a certificate holder that also holds a certificate of authority pursuant to Article 3 (commencing with Section 699) of Chapter 1 of Part 2 of Division 1, shall make and file with the commissioner an accurate and complete financial statement, consisting of a balance sheet and income and expense statement, showing the current condition of the certificate holder's grants and annuities operation on a form prescribed by the commissioner.

SEC. 2. Section 11521.6 of the Insurance Code is amended to read:

11521.6. Nothing contained in Section 11521, 11521.1, 11521.2, 11521.4, 11523.6, or subdivision (e) of Section 11523 shall apply to any grants and annuities certificate holder that also holds a certificate of authority pursuant to Article 3 (commencing with Section 699) of Chapter 1 of Part 2 of Division 1.

CHAPTER 174

An act to add Section 10204.5 to the Insurance Code, relating to life insurance.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 10204.5 is added to the Insurance Code, to read:

10204.5. (a) In addition to the issuance of group life insurance to groups in this state as permitted elsewhere in this chapter, the commissioner may approve the issuance of group life insurance if the insurer or applicant proves to the satisfaction of the commissioner each of the following:

(1) The policy, when issued, covers no fewer than 10 eligible group members.

(2) There is a common enterprise or economic or social affinity or relationship among members of the group.

(3) The premiums charged are reasonable in relation to the benefits provided under the group insurance policy.

(4) The issuance of the policy would result in economies of acquisition or administration, would be actuarially sound, and would not be contrary to the best interests of the public.

(5) The group was formed in good faith for purposes other than obtaining insurance.

(6) If the group policyholder is an association, the association has a constitution and bylaws and has been in existence for more than two years.

(7) The insurer has been actively engaged in the business of writing the types of coverage offered in the group insurance policy for insureds other than the type of group covered by the policy, and is not organized solely or principally for the purpose of furnishing coverage to groups of this type.

(b) An insurer under a policy covered by this section may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

(c) A fee of five hundred dollars ($500) shall be charged to each insurer or applicant for each filing made pursuant to this section.

CHAPTER 175

An act to amend Section 9 of the Plumas County Flood Control and Water Conservation District Act (Chapter 2114 of the Statutes of 1959), relating to water.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 9 of the Plumas County Flood Control and Water Conservation District Act (Chapter 2114 of the Statutes of 1959) is amended to read:

Sec. 9. (a) The Board of Supervisors of Plumas County shall be, and it is hereby designated as, and empowered to act as, ex officio the board of directors of the district and shall exercise the powers of the district

enumerated in this act, except as otherwise provided, and may perform all other acts necessary or proper in their discretion to accomplish the purpose of this act.

(b) The board of directors may adopt and enforce reasonable rules and regulations for the administration and government of the district and facilitate the exercise of its powers and duties set forth in this act and may employ and fix the compensation of all necessary agents and employees to look after the performance of any work or improvements provided in this act.

(c) (1) Each member of the board of directors shall be allowed his or her actual, necessary, and reasonable expenses incurred in carrying out his or her duties under this act.

(2) (A) Subject to subparagraph (B), the members of the board of directors may receive compensation as provided by Chapter 2 (commencing with Section 20200) of Division 10 of the Water Code.

(B) Members shall not be compensated for any meeting held on the same day as a meeting of the board of supervisors.

(d) The directors shall elect a chairperson, who shall preside at all meetings of the board and in case of his or her absence or inability to act, the members present shall, by an order entered in their minutes, select one of their members to act as chairperson temporarily.

(e) Any member of the board may administer oaths when necessary in the performance of his or her official duties. A majority of the members of the board shall constitute a quorum for the transaction of business, and no act of the board shall be valid or binding unless a majority of the board members concur.

CHAPTER 176

An act to amend Sections 6025.2, 6025.5, 6026, 6026.5, 6027, 6027.5, 6028, and 6029 of, and to add Sections 6025.3 and 6027.1 to, the Food and Agricultural Code, relating to vertebrate pests, and making an appropriation therefor.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 6025.2 of the Food and Agricultural Code is amended to read:

6025.2. For purposes of this article, "vertebrate pest" means any specie of mammal, bird, reptile, amphibian, or fish that causes damage to agricultural, natural, or industrial resources, or to any other resource, and to the public health or safety.

SEC. 2. Section 6025.3 is added to the Food and Agricultural Code, to read:

6025.3. For purposes of this article, "research" means basic and applied research. Basic research is experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundation of phenomena and observable facts, without any particular application or use in view. Applied research is also original investigation undertaken in order to acquire new knowledge, but it is conducted to solve practical problems or objectives.

SEC. 3. Section 6025.5 of the Food and Agricultural Code is amended to read:

6025.5. (a) The secretary shall establish and administer a research program to control vertebrate pests that pose a significant threat to the welfare of the state's agricultural economy, infrastructure, and the public.

(b) The specific purposes of the program include all of the following:

(1) The investigation of effective and economical alternative materials for the control of vertebrate pests.

(2) The solicitation and consideration of research proposals for alternative humane methods of control.

(3) The continuation of current vertebrate pest control product registration at the state level until alternative products are developed that prove to be effective and economical.

(4) The funding of research for the development of scientific data to fulfill registration requirements.

(5) Cooperation with the United States Department of Agriculture in funding research programs to maintain, develop, and register vertebrate pest control materials used in this state.

SEC. 4. Section 6026 of the Food and Agricultural Code is amended to read:

6026. The secretary shall establish the Vertebrate Pest Control Research Advisory Committee consisting of the following members, appointed by the secretary, to serve at the pleasure of the secretary:

(a) One representative of the department.

(b) One representative of the California Agricultural Commissioners and Sealers Association.

(c) Five representatives of the agricultural industry representing affected commodities.

(d) One representative of the University of California.

(e) One representative of the California State University.

(f) One representative of the State Department of Health Services.

(g) One representative of the general public, with consideration given to a person with expertise in animal welfare.

SEC. 5. Section 6026.5 of the Food and Agricultural Code is amended to read:

6026.5. On or before December 31 of each year, the committee shall recommend to the secretary priorities for conducting various vertebrate pest control research projects and the amount of the assessment necessary to carry out those research projects.

SEC. 6. Section 6027 of the Food and Agricultural Code is amended to read:

6027. There is hereby created the Vertebrate Pest Control Research Account in the Department of Food and Agriculture Fund. Notwithstanding Section 13340 of the Government Code, the money in the account is continuously appropriated to the secretary for purposes of carrying out this article. Notwithstanding any other provision of law, the moneys in the account shall not be transferred to any other fund or encumbered or expended for any purpose other than as provided in this article.

SEC. 7. Section 6027.1 is added to the Food and Agricultural Code, to read:

6027.1. Expenditure of funds pursuant to this article shall be limited to the following:

(a) Reasonable administrative and operational expenses of the committee and the department, subject to the recommendation of an annual budget by the committee and approval by the secretary.

(b) Federal and state regulatory fees for the continued registration of vertebrate pest control materials and the registration of new materials.

(c) Basic and applied research as described in Section 6025.3.

(d) Educational outreach on the subject of vertebrate pest control methods.

SEC. 7.5. Section 6027.5 of the Food and Agricultural Code is amended to read:

6027.5. During the calendar year, each commissioner shall pay to the secretary a fee not to exceed fifty cents ($0.50) per pound of vertebrate pest control material sold, distributed, or applied by the county for vertebrate pest control purposes, less the amount necessary to recover the cost of complying with the provisions of this article, as determined by the secretary. No assessment shall be imposed on the sale or on the distribution of vertebrate pest control material by a county agricultural commissioner to another commissioner. Vertebrate pest control material registered by the secretary may only be sold or distributed by a county agricultural commissioner or as authorized by the secretary.

The secretary may set a different level of assessment in the amount necessary to provide revenue for the vertebrate pest control research projects carried out pursuant to this article only if the secretary, at a minimum, has consulted with the Vertebrate Pest Control Research Advisory Committee. The new level of assessment may only commence at the beginning of the subsequent calendar year. However, the assessment shall not exceed one dollar ($1) per pound of vertebrate control material sold, distributed, or applied by the county for vertebrate pest control purposes. To assist the advisory committee in making its recommendations, the department shall submit a progress report to the members of the advisory committee at least 30 days prior to each meeting of the advisory committee. The report shall include, but is not limited to, data on research that has been, or is proposed to be, conducted and statements regarding the necessity for that research. This section does not preclude the department from preparing and distributing additional reports that may be requested by the advisory committee.

SEC. 8. Section 6028 of the Food and Agricultural Code is amended to read:

6028. The assessment payments required pursuant to Section 6027.5, together with a report of the amount of vertebrate pest control materials sold, distributed, or applied during the previous six-month period, shall be made biannually by each commissioner to the secretary within one calendar month after June 30 and December 31 of each year.

SEC. 9. Section 6029 of the Food and Agricultural Code is amended to read:

6029. This article shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2016, deletes or extends that date.

SEC. 10. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 177

An act to make an appropriation in augmentation of Items 9800-001-0001, 9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget Act of 2004, relating to state employees, to take effect immediately as an appropriation for the usual and current expenses of the state.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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

SECTION 1. The provisions of the settlement agreement entered into by the state employer and State Bargaining Unit 12, the International Union of Operating Engineers, AFL-CIO (craft and maintenance workers) on January 25, 2005, that requires the expenditure of funds are hereby approved.

SEC. 2. The provisions of the settlement agreement referenced in Section 1 that are scheduled to take effect on or after July 1, 2005, and that require the expenditure of funds shall not take effect unless funds are expressly appropriated by the Legislature.

SEC. 3. The provisions of the settlement agreement referenced in Section 1 that require the expenditure of funds shall become effective even if the provisions of the settlement agreement are approved by the Legislature in legislation other than the Budget Act.

SEC. 4. The sum of nine million two hundred fifty-four thousand dollars ($9,254,000) is hereby appropriated for expenditure during the 2004-05 fiscal year in augmentation of, and for the purposes of state employee compensation as provided in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget Act of 2004 (Chapter 208, Statutes of 2004) in accordance with (a) the settlement agreement entered into by the state with State Bargaining Unit 12, the International Union of Operating Engineers, and approved by the Legislature pursuant to Section 1, and (b) the following schedule:

(1) Three million seventy-eight thousand dollars ($3,078,000) from the General Fund in augmentation of Item 9800-001-0001.

(2) Four million two hundred thirteen thousand dollars ($4,213,000) from unallocated special funds in augmentation of Item 9800-001-0494.

(3) One million nine hundred sixty-three thousand dollars ($1,963,000) from other unallocated nongovernmental cost funds in augmentation of Item 9800-001-0988.

SEC. 5. 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.

CHAPTER 178

An act to amend Section 36516 of the Government Code, to amend Section 34130 of, and to add Section 34130.5 to, the Health and Safety Code, relating to local agency legislative bodies.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 36516 of the Government Code is amended to read:

36516. (a) A city council may enact an ordinance providing that each member of the city council shall receive a salary, the amount of which shall be determined by the following schedule:

(1) In cities up to and including 35,000 in population, up to and including three hundred dollars ($300) per month;

(2) In cities over 35,000 up to and including 50,000 in population, up to and including four hundred dollars ($400) per month;

(3) In cities over 50,000 up to and including 75,000 in population, up to and including five hundred dollars ($500) per month.

(4) In cities over 75,000 up to and including 150,000 in population, up to and including six hundred dollars ($600) per month.

(5) In cities over 150,000 up to and including 250,000 in population, up to and including eight hundred dollars ($800) per month.

(6) In cities over 250,000 population, up to and including one thousand dollars ($1,000) per month.

For the purposes of this section the population shall be determined by the last preceding federal census, or a subsequent census, or estimate validated by the Department of Finance.

(b) At any municipal election, the question of whether city council members shall receive compensation for services, and the amount of compensation, may be submitted to the electors. If a majority of the electors voting at the election favor it, all of the council members shall receive the compensation specified in the election call. Compensation of council members may be increased beyond the amount provided in this section or decreased below the amount in the same manner.

(c) Compensation of council members may be increased beyond the amount provided in this section by an ordinance or by an amendment to an ordinance but the amount of the increase may not exceed an amount equal to 5 percent for each calendar year from the operative date of the last adjustment of the salary in effect when the ordinance or amendment

is enacted. No salary ordinance shall be enacted or amended which provides for automatic future increases in salary.

(d) Unless specifically authorized by another statute, a city council may not enact an ordinance providing for compensation to city council members in excess of that authorized by the procedures described in subdivisions (a) to (c), inclusive. For the purposes of this section, compensation includes payment for service by a city council member on a commission, committee, board, authority, or similar body on which the city council member serves. If the other statute that authorizes the compensation does not specify the amount of compensation, the maximum amount shall be one hundred fifty dollars ($150) per month for each commission, committee, board, authority, or similar body.

(e) Any amounts paid by a city for retirement, health and welfare, and federal social security benefits shall not be included for purposes of determining salary under this section provided the same benefits are available and paid by the city for its employees.

(f) Any amounts paid by a city to reimburse a council member for actual and necessary expenses pursuant to Section 36514.5 shall not be included for purposes of determining salary pursuant to this section.

SEC. 2. Section 34130 of the Health and Safety Code is amended to read:

34130. (a) When the legislative body adopts an ordinance declaring the need for a commission, the mayor or chairman of the board of supervisors or similar official, with the approval of the legislative body, shall appoint the number of resident electors of the community as commissioners as the legislative body prescribe by ordinance. The legislative body by ordinance may increase or decrease the number of commissioners. The legislative body, except as otherwise expressly provided in subdivision (b), shall establish and provide for the terms, and removal of the commissioners. The legislative body shall provide procedures for appointment or election of the officers of the commission.

(b) Two of the commissioners shall be tenants of the housing authority if the housing authority has tenants. One such tenant commissioner shall be over the age of 62 years if the housing authority has tenants of such age. If the housing authority does not have tenants, the legislative body shall, by ordinance, provide for appointment to the commission of two tenants of the housing authority within one year after the housing authority first does have tenants. The term of any tenant commissioner appointed pursuant to this subdivision shall be two years from the date of appointment. If a tenant commissioner ceases to be a tenant of the housing authority, he shall be disqualified from serving as a commissioner and another tenant of the housing authority shall be appointed to serve the remainder of the unexpired term. A tenant

commissioner shall have all the powers, duties, privileges, and immunities of any other commissioner.

(c) Upon the appointment and qualification of a majority of the commissioners, the commission shall be vested with all the powers, duties, and responsibilities of the members of the redevelopment agency and, if the legislative body so elects, the commissioners of the housing authority. Members of the redevelopment agency and commissioners of a housing authority which has been placed under the jurisdiction of the commission shall have no powers, duties, and responsibilities as long as the commission functions.

SEC. 3. Section 34130.5 is added to the Health and Safety Code, to read:

34130.5. (a) Commissioners shall receive their actual and necessary expenses, including traveling expenses incurred in the discharge of their duties. The legislative body may also provide for other compensation pursuant to either subdivision (b) or (c).

(b) If the ordinance of the legislative body declaring the need for a commission to function within the community declares that need only with respect to a redevelopment agency, the compensation provided by the legislative body shall not exceed seventy-five dollars ($75) for each commissioner for each meeting of the commission attended by that commissioner. No commissioner shall receive compensation for attending more than two meetings of the commission in any calendar month.

(c) If the ordinance of the legislative body declaring the need for a commission to function within the community declares that need with respect to a redevelopment agency and a housing authority, the compensation provided by the legislative body shall not exceed one hundred fifty dollars ($150) for each commissioner for each meeting of the commission attended by that commissioner. No commissioner shall receive compensation for attending more than two meetings of the commission in any calendar month.

CHAPTER 179

An act to amend Section 19577 of the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 19577 of the Business and Professions Code is amended to read:

19577. (a) (1) Any blood or urine test sample required by the board to be taken from a horse that is entered in any race shall be divided or taken in duplicate, if there is sufficient sample available after the initial test sample has been taken. The initial test sample shall be referred to as the official test sample and the secondary sample shall be referred to as the split sample. All samples immediately become and remain the property of the board. The board shall adopt regulations to ensure the security of obtaining and testing of all samples.

(2) Paragraph (1) does not apply to total carbon dioxide testing. The board shall adopt emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) to establish policies, guidelines, and procedures that include a split sample process related to total carbon dioxide testing. These regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. The emergency regulations shall be submitted to the Office of Administrative Law for filing with the Secretary of State and publication in the California Code of Regulations, and shall be replaced by final, permanent regulations within 120 days of their adoption.

(b) If the official test sample is found to contain a prohibited drug substance, the executive director, after consulting with and agreeing with the equine medical director that the official test sample contains a prohibited substance, shall confidentially inform the owner and trainer of those results. The owner or the trainer of the horse, upon being so informed, may request that the split sample be tested by an independent laboratory selected from a list of laboratories provided by and approved by the board. The owner or trainer of the horse shall pay the cost of testing the split sample.

(c) If the split sample test results fail to confirm the finding of the prohibited drug substance found in the official test sample, a presumption affecting the burden of producing evidence pursuant to Section 603 of the Evidence Code of no evidentiary prohibited drug substance in the animal shall exist for purposes of this chapter.

(d) The executive director shall report to the board a finding of a prohibited drug substance in an official test sample within 24 hours of the confirmation of that prohibited drug substance in the split sample by the independent laboratory, or within 24 hours of waiver of split sample testing by the owner or trainer. Any recommendation to the board by

the executive director to dismiss the matter shall be by mutual agreement with the equine medical director. The authority for the disposition of the matter shall be the responsibility of the board.

(e) The executive director shall maintain responsibility for all test samples until the executive director refers the matter to the board. Notwithstanding any other provision of law, and except as provided in subdivision (a), the results of the tests from the official testing laboratory, the Kenneth L. Maddy Equine Analytical Chemistry Laboratory and the independent laboratory shall be confidential until or unless the board files an official complaint.

(f) If the owner or trainer does not request that the split sample be tested within the time limits set by the board, the owner and trainer waive all rights to that sample and the board assumes all jurisdiction over the split sample.

(g) The board shall contract with the Regents of the University of California to be the primary drug testing laboratory performing the equine drug testing required by this section.

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 protect the integrity of horse racing in the state, it is imperative that the California horse racing industry continues to remain at the forefront of drug testing of racehorses. Therefore, it is necessary that this bill take immediate effect.

CHAPTER 180

An act to amend Sections 48000, 48001, and 48002 of, and to repeal and add Section 48002.5 of, the Food and Agricultural Code, relating to citrus fruit crops, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 48000 of the Food and Agricultural Code is amended to read:

48000. The handling and marketing of California citrus is affected with the public interest. The provisions of this chapter are enacted for

the protection of the industry and for the purposes of protecting the health and general welfare of the people of this state.

SEC. 2. Section 48001 of the Food and Agricultural Code is amended to read:

48001. (a) There is in the department the California Citrus Advisory Committee.

(b) The committee shall be comprised as follows:

(1) Eight producers.

(A) Five producer members shall be engaged in the production of navel or Valencia oranges; four of which shall be engaged in the production of navel or Valencia oranges in the San Joaquin Valley, and two of the four members shall be engaged in the production of navel or Valencia oranges in Tulare County.

(B) Two producer members shall be engaged in the production of lemons, one of which is engaged in the production of lemons in Ventura County.

(C) One of the members shall be engaged in the production of mandarin citrus.

(2) Four handlers, which have their principal place of business located in one of the following counties: Fresno, Kern, Madera, Orange, Riverside, San Bernardino, Santa Clara, Tulare, and Ventura.

(A) Two handler members shall be located in the San Joaquin Valley.

(B) One handler member shall be engaged in the handling of lemons in Ventura County.

(c) The committee shall be appointed by the secretary from nominations submitted to the secretary by members of the navel orange, Valencia orange, lemon, and mandarin citrus industries group.

(d) Committee members may be compensated for reasonable expenses actually incurred in the performance of their duties, as determined by the committee and concurred in by the secretary.

(e) The committee shall meet at the request of the secretary, the committee chairperson, or upon the request of three committee members.

(f) The committee shall appoint a chairperson, one or more vice chairpersons, and any other officers it deems necessary.

(g) The committee shall develop and make recommendations to the secretary on all matters regarding the implementation of this chapter including:

(1) Procedures for implementing an inspection program that shall include, but not be limited to, the following:

(A) The minimum number of inspections to be conducted, and the duration of each inspection period.

(B) The minimum number of samples to be taken.

(C) Statistical analysis of compliance levels and determination of an acceptable level of compliance.

(D) Documentation of inspection data including the number of inspectors, number of inspections performed, and budget information relating to expenses of personnel, mileage, and overhead costs.

(E) Monitoring and postevaluation of program effectiveness by the secretary.

(F) Development of a single memorandum of understanding between the department and all county agricultural commissioners for the counties specified in subdivision (b).

(2) Determinations as to which counties have met the inspection requirements.

(3) Procedures for implementing a state crop estimating and acreage survey.

(h) The secretary shall accept the recommendations of the committee if he or she determines that the recommendations are practicable and in the interest of the industry and the public. The secretary shall provide the committee within 30 days of receipt of the recommendations with a written statement of reasons if he or she does not accept any of the recommendations.

SEC. 3. Section 48002 of the Food and Agricultural Code is amended to read:

48002. (a) In addition to any other assessment, fees, or charges that may be required pursuant to this code, producers of navel oranges, Valencia oranges, lemons or mandarin citrus varieties grown in this state and prepared for fresh market in the Counties of Fresno, Kern, Madera, Orange, Riverside, San Bernardino, Santa Clara, Tulare, and Ventura shall pay an assessment that shall not exceed 11 mills ($0.011) per carton for navel oranges, 5 mills ($0.005) per carton for lemons, and 6 mills ($0.006) per carton for Valencia oranges and mandarin citrus. The assessment shall be:

(1) Based on the number of cartons shipped.

(2) Used to reimburse agricultural commissioners, pursuant to a contract between the department and the commissioners, in the counties specified in this section, who meet the requirements of the inspection program as determined by the committee and concurred in by the secretary.

(3) Used to establish a reserve to fund the frost inspection program. The reserve amount shall be determined by the advisory committee.

(4) Used to fund a program within the department to provide the industry with a state crop estimating service and an acreage survey.

(5) Collected from the producer by the first handler. For the purposes of this chapter, “producer” means a grower of navel oranges, Valencia

oranges, lemons, or mandarin citrus and "handler" means a person or entity who receives navel oranges, Valencia oranges, lemons, or mandarin citrus from a producer and who prepares the oranges, lemons, or mandarin citrus for fresh market. If a producer prepares the oranges, lemons, or mandarin citrus for market, the producer shall be deemed the handler.

(6) Remitted to the department by the first handler, along with an assessment form, at the end of each month during the marketing season.

(7) Deposited in the Department of Food and Agriculture Fund or, upon the recommendation of the committee, deposited in accordance with Section 227 or Article 2.5 (commencing with Section 230) of Chapter 2 of Part 1 of Division 1.

(b) In no case shall:

(1) The total amount reimbursed to all counties exceed the total amount collected from the producers in all counties, unless reserve moneys are required for the frost inspection program. However, the authorized expenditures shall not exceed the combined total of reserve moneys and revenue received in that fiscal year.

(2) The reimbursement to any county exceed the amount approved by the committee and concurred in by the secretary.

(c) If the inspection program is terminated and there are insufficient funds to cover the cost of terminating the inspection program, the assessment shall continue until all those costs are recovered.

(d) The committee may recommend to the secretary that no assessment be collected from growers of navel oranges, Valencia oranges, lemons, or mandarin citrus varieties if no inspection program or crop survey exists for that particular orange or citrus variety. If no assessment is collected from an orange or citrus variety that has a representative on the committee, the secretary may designate a representative to the committee from an orange or citrus variety that is assessed.

SEC. 4. Section 48002.5 of the Food and Agricultural Code is repealed.

SEC. 5. Section 48002.5 is added to the Food and Agricultural Code, to read:

48002.5. For purposes of this chapter, "mandarin citrus" means mandarins, including tangerines and mandarin hybrids.

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:

Because the fiscal year begins in October, an urgency statute is necessary in order to avoid lengthy delay in implementing the provisions of this measure.

CHAPTER 181

An act to amend Section 1529 of the Penal Code, relating to search warrants.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 1529 of the Penal Code is amended to read:

1529. The warrant shall be in substantially the following form:

County of ____.

The people of the State of California to any peace officer in the County of ____:

Proof, by affidavit, having been this day made before me by (naming every person whose affidavit has been taken), that (stating the grounds of the application, according to Section 1524, or, if the affidavit be not positive, that there is probable cause for believing that ____ stating the ground of the application in the same manner), you are therefore commanded, in the daytime (or at any time of the day or night, as the case may be, according to Section 1533), to make search on the person of C. D. (or in the house situated ____, describing it, or any other place to be searched, with reasonable particularity, as the case may be) for the following property, thing, things, or person: (describing the property, thing, things, or person with reasonable particularity); and, in the case of a thing or things or personal property, if you find the same or any part thereof, to bring the thing or things or personal property forthwith before me (or this court) at (stating the place).

Given under my hand, and dated this ____ day of ____, A.D. (year).

E. F., Judge of the (applicable) Court.

CHAPTER 182

An act to amend Section 1706 of the Business and Professions Code, relating to dentistry.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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

SECTION 1. Section 1706 of the Business and Professions Code is amended to read:

1706. (a) Every complete upper or lower denture fabricated by a licensed dentist, or fabricated pursuant to the dentist's work order, shall be marked with the patient's name, unless the patient objects. The initials of the patient may be shown alone, if use of the name of the patient is not practical. The markings shall be done during fabrication and shall be permanent, legible, and cosmetically acceptable. The exact location of the markings and the methods used to implant or apply them shall be determined by the dentist or dental laboratory fabricating the denture.

(b) The dentist shall inform the patient that the markings are to be used for identification only and that the patient shall have the option to decide whether or not the dentures shall be marked.

(c) The dentist shall retain the records of those marked dentures and shall not release the records to any person except to enforcement officers, in the event of an emergency requiring personal identification by means of dental records, or to anyone authorized by the patient.

CHAPTER 183

An act to amend Section 10170.5 of the Business and Professions Code, relating to real estate.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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

SECTION 1. Section 10170.5 of the Business and Professions Code is amended to read:

10170.5. (a) Except as otherwise provided in Sections 10153.4 and 10170.8, no real estate license shall be renewed unless the commissioner finds that the applicant for license renewal has, during the four-year period preceding the renewal application, successfully completed the 45-clock hours of education provided for in Section 10170.4, including all of the following:

(1) A three-hour course in ethics, professional conduct, and legal aspects of real estate, which shall include, but not be limited to, relevant legislation, regulations, articles, reports, studies, court decisions, treatises, and information of current interest.

(2) A three-hour course in agency relationships and duties in a real estate brokerage practice, including instruction in the disclosures to be made and the confidences to be kept in the various agency relationships between licensees and the parties to real estate transactions.

(3) A three-hour course in trust fund accounting and handling.

(4) A three-hour course in fair housing.

(5) A three-hour course in risk management that shall include, but need not be limited to, principles, practices, and procedures calculated to avoid errors and omissions in the practice of real estate licensed activities.

(6) Not less than 18-clock hours of courses or programs related to consumer protection, and designated by the commissioner as satisfying this purpose in his or her approval of the offering of these courses or programs, which shall include, but not be limited to, forms of real estate financing relevant to serving consumers in the marketplace, land use regulation and control, pertinent consumer disclosures, agency relationships, capital formation for real estate development, fair practices in real estate, appraisal and valuation techniques, landlord-tenant relationships, energy conservation, environmental regulation and consideration, taxation as it relates to consumer decisions in real estate transactions, probate and similar disposition of real property, governmental programs such as revenue bond activities, redevelopment, and related programs, business opportunities, mineral, oil, and gas conveyancing, and California law that relates to managing community associations that own, operate, and maintain property within common interest developments, including, but not limited to, management, maintenance, and financial matters addressed in the Davis-Stirling Common Interest Development Act.

(7) Other courses and programs that will enable a licensee to achieve a high level of competence in serving the objectives of consumers who may engage the services of licensees to secure the transfer, financing, or similar objectives with respect to real property, including organizational and management techniques that will significantly contribute to this goal.

(b) Except as otherwise provided in Section 10170.8, no real estate license shall be renewed for a licensee who already has renewed under subdivision (a), unless the commissioner finds that the applicant for license renewal has, during the four-year period preceding the renewal application, successfully completed the 45-clock hours of education

provided for in Section 10170.4, including an eight-hour update survey course that covers the subject areas specified in paragraphs (1) to (5), inclusive, of subdivision (a).

(c) Any denial of a license pursuant to this section shall be subject to Section 10100.

(d) For purposes of this section, "successful completion" of a course described in paragraphs (1) to (5), inclusive, of subdivision (a) means the passing of a final examination.

SEC. 2. It is the intent of the Legislature that the Department of Real Estate begin the process of preparing for implementation of this act immediately upon its becoming effective on January 1, 2006. However, the new requirements set forth in this act in Section 10170.5 of the Business and Professions Code shall not become operative until July 1, 2007.

CHAPTER 184

An act to amend Sections 905.2, 910.8, 911, and 911.2 of the Government Code, relating to state claims, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 905.2 of the Government Code is amended to read:

905.2. (a) This section shall apply to claims against the state filed with the California Victim Compensation and Government Claims Board.

(b) There shall be presented in accordance with Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) all claims for money or damages against the state:

(1) For which no appropriation has been made or for which no fund is available but the settlement of which has been provided for by statute or constitutional provision.

(2) For which the appropriation made or fund designated is exhausted.

(3) For money or damages on express contract, or for an injury for which the state is liable.

(4) For which settlement is not otherwise provided for by statute or constitutional provision.

(c) Claimants shall pay a filing fee of twenty-five dollars ($25) for filing a claim described in subdivision (b). This fee shall be deposited into the General Fund and may be appropriated in support of the board as reimbursements to Item 1870-001-0001 of Section 2.00 of the annual Budget Act.

(1) The fee shall not apply to the following persons:

(A) Persons who are receiving benefits pursuant to the Supplemental Security Income (SSI) and State Supplemental Payments (SSP) programs (Section 12200 to 12205, inclusive, of the Welfare and Institutions Code), the California Work Opportunity and Responsibility to Kids Act (CalWORKs) program (Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code), the Food Stamp program (7 U.S.C. Sec. 2011 et seq.), or Section 17000 of the Welfare and Institutions Code.

(B) Persons whose monthly income is 125 percent or less of the current monthly poverty line annually established by the Secretary of California Health and Human Services pursuant to the federal Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), as amended.

(C) Persons who are sentenced to imprisonment in a state prison or confined in a county jail, or who are residents in a state institution and, within 90 days prior to the date the claim is filed, have a balance of one hundred dollars ($100) or less credited to the inmate's or resident's trust account. A certified copy of the statement of the account shall be submitted.

(2) Any claimant who requests a fee waiver shall attach to the application a signed affidavit requesting the waiver and verification of benefits or income and any other required financial information in support of the request for the waiver.

(3) Notwithstanding any other provision of law, an applicant shall not be entitled to a hearing regarding the denial of a request for a fee waiver.

(d) The time for the board to determine the sufficiency, timeliness, or any other aspect of the claim shall begin when any of the following occur:

(1) The claim is submitted with the filing fee.

(2) The fee waiver is granted.

(3) The filing fee is paid to the board upon the board's denial of the fee waiver request, so long as payment is received within 10 calendar days of the mailing of the notice of the denial.

(e) Upon approval of the claim by the board, the fee shall be reimbursed to the claimant, except that no fee shall be reimbursed if the approved claim was for the payment of an expired warrant. Reimbursement of the filing fee shall be paid by the state entity against

which the approved claim was filed. If the claimant was granted a fee waiver pursuant to this section, the amount of the fee shall be paid by the state entity to the board. The reimbursement to the claimant or the payment to the board shall be made at the time the claim is paid by the state entity, or shall be added to the amount appropriated for the claim in an equity claims bill.

(f) The board may assess a surcharge to the state entity against which the approved claim was filed in an amount not to exceed 15 percent of the total approved claim. The board shall not include the refunded filing fee in the surcharge calculation. This surcharge shall be deposited into the General Fund and may be appropriated in support of the board as reimbursements to Item 1870-001-0001 of Section 2.00 of the annual Budget Act.

(1) The surcharge shall not apply to approved claims to reissue expired warrants.

(2) Upon the request of the board in a form prescribed by the Controller, the Controller shall transfer the surcharges and fees from the state entity's appropriation to the appropriation for the support of the board. However, the board shall not request an amount that shall be submitted for legislative approval pursuant to Section 13928.

(g) The filing fee required by subdivision (c) shall apply to all claims filed after June 30, 2004, or the effective date of this statute. The surcharge authorized by subdivision (f) may be calculated and included in claims paid after June 30, 2004, or the effective date of the statute adding this subdivision.

SEC. 2. Section 910.8 of the Government Code is amended to read:

910.8. If, in the opinion of the board or the person designated by it, a claim as presented fails to comply substantially with the requirements of Sections 910 and 910.2, or with the requirements of a form provided under Section 910.4 if a claim is presented pursuant thereto, the board or the person may, at any time within 20 days after the claim is presented, give written notice of its insufficiency, stating with particularity the defects or omissions therein. The notice shall be given in the manner prescribed by Section 915.4. The board may not take action on the claim for a period of 15 days after the notice is given.

SEC. 3. Section 911 of the Government Code is amended to read:

911. Any defense as to the sufficiency of the claim based upon a defect or omission in the claim as presented is waived by failure to give notice of insufficiency with respect to the defect or omission as provided in Section 910.8, except that no notice need be given and no waiver shall result when the claim as presented fails to state either an address to which the person presenting the claim desires notices to be sent or an address of the claimant.

SEC. 4. Section 911.2 of the Government Code is amended to read:

911.2. (a) A claim relating to a cause of action for death or for injury to person or to personal property or growing crops shall be presented as provided in Article 2 (commencing with Section 915) not later than six months after the accrual of the cause of action. A claim relating to any other cause of action shall be presented as provided in Article 2 (commencing with Section 915) not later than one year after the accrual of the cause of action.

(b) For purposes of determining whether a claim was commenced within the period provided by law, the date the claim was presented to the California Victim Compensation and Government Claims Board is one of the following:

(1) The date the claim is submitted with a twenty-five dollar ($25) filing fee.

(2) If a fee waiver is granted, the date the claim was submitted with the affidavit requesting the fee waiver.

(3) If a fee waiver is denied, the date the claim was submitted with the affidavit requesting the fee waiver, provided the filing fee is paid to the board within 10 calendar days of the mailing of the notice of the denial of the fee waiver.

SEC. 5. (a) The sum of one million eighty-two thousand seven dollars and eight cents ($1,082,007.08) is hereby appropriated from the various funds, as specified in subdivision (b), to the Executive Officer of the California Victim Compensation and Government Claims Board for the payment of claims accepted by the board in accordance with the schedule set forth in subdivision (b).

(b) Pursuant to subdivision (a), claims accepted by the California Victim Compensation and Government Claims Board shall be paid in accordance with the following schedule:

Total for Fund: California Beverage Container Recycling Fund (0133).....	$10,000.00
Total for Fund: General Fund (0001).....	$298,932.56
Total for Fund: Item 0840-001-0890, Budget Act of 2005.....	$56.73
Total for Fund: Item 1110-001-0069, Budget Act of 2005, Program 22.....	$828.00
Total for Fund: Item 1111-001-0380, Budget Act of 2005, Program 36.20.....	$2,224.00
Total for Fund: Item 1111-001-0770, Budget Act of 2005, Program 75.....	$61.08
Total for Fund: Item 1111-002-0421, Budget Act of 2005, Program 31.10.016.....	$3,082.25

Total for Fund: Item 1760-001-0666(1),
Budget Act of 2005..... $381.37
Total for Fund: Item 1900-001-0822,
Budget Act of 2005..... $382.96
Total for Fund: Item 1900-001-0950,
Budget Act of 2005..... $388.70
Total for Fund: Item 2660-001-0042(2),
Budget Act of 2005, Program 20.10..... $9,406.27
Total for Fund: Item 2720-001-0044,
Budget Act of 2005, Program 10..... $308.00
Total for Fund: Item 3600-001-0001,
Budget Act of 2005, Program 25..... $152.00
Total for Fund: Item 3600-001-0200(25),
Budget Act of 2005..... $7,101.00
Total for Fund: Item 3790-001-0001(1),
Budget Act of 2005..... $828.00
Total for Fund: Item 3860-001-0001,
Budget Act of 2005, Program 20..... $1,531.35
Total for Fund: Item 4200-103-0001,
Budget Act of 2005, Program 15..... $2,118.52
Total for Fund: Item 4260-001-0001(10),
Budget Act of 2004..... $37,422.00
Total for Fund: Item 4260-001-0001,
Budget Act of 2003, Program 20..... $133,149.57
Total for Fund: Item 4260-001-0890,
Budget Act of 2003, Program 20..... $399,448.71
Total for Fund: Item 4260-001-0890,
Budget Act of 2005, Program 20..... $1,242.50
Total for Fund: Item 4260-111-0890,
Budget Act of 2005, Program 20..... $24,186.00
Total for Fund: Item 4300-001-0001,
Budget Act of 2005, Program 10..... $1,142.01
Total for Fund: Item 4300-101-0001(1),
Budget Act of 2005, Program 10..... $2,580.00
Total for Fund: Item 4440-011-0001(2),
Budget Act of 2005, Program 20.20..... $202.92
Total for Fund: Item 5160-001-0001(1),
Budget Act of 2005, Program 10..... $10,262.90
Total for Fund: Item 5180-001-0001,
Budget Act of 2005, Program 25..... $219.78
Total for Fund: Item 5180-001-0890,
Budget Act of 2005, Program 35..... $1,396.56

Total for Fund: Item 5180-111-0001(2), Budget Act of 2005, Program 25.15	$88.55
Total for Fund: Item 5180-111-0001, Budget Act of 2005, Program 25	$1,037.98
Total for Fund: Item 5180-151-0001(1), Budget Act of 2005, Program 25.30	$7,291.08
Total for Fund: Item 5240-001-0001(1), Budget Act of 2005, Program 21	$53,575.49
Total for Fund: Item 5240-001-0001(2), Budget Act of 2005, Program 22	$37,173.94
Total for Fund: Item 6610-001-0001(1), Budget Act of 2005	$10,222.11
Total for Fund: Item 7100-001-0185, Budget Act of 2005, Program 21	$5,828.01
Total for Fund: Item 7100-001-0588, Budget Act of 2005, Program 21	$2,842.00
Total for Fund: Item 7100-001-0870, Budget Act of 2005, Program 10	$1,049.84
Total for Fund: Item 7100-001-0870, Budget Act of 2005, Program 21	$4,732.00
Total for Fund: Item 7100-101-0871, Budget Act of 2005, Program 21	$3,445.00
Total for Fund: Item 8380-001-0001, Budget Act of 2005, Program 40	$2,475.82
Total for Fund: Unclaimed Property Fund (0970)	$3,209.52

SEC. 6. Upon the request of the California Victim Compensation and Government Claims Board in a form prescribed by the Controller, the Controller shall transfer surcharges and fees from the Budget Act items of appropriation identified in subdivision (b) of Section 5 to Item 8700-001-0001 of Section 2.00 of the Budget Act of 2004. For each Budget Act item of appropriation, this amount shall not exceed the cumulative total of the per claim filing fees authorized by subdivision (b) of Section 905.2 of the Government Code and the surcharge authorized by subdivision (f) of Section 905.2 of the Government Code. For those items in subdivision (b) that do not reflect a Budget Act appropriation, the Controller shall transfer an amount not to exceed the cumulative total of the per claim filing fees authorized by subdivision (b) of Section 905.2 of the Government Code and the surcharge authorized by subdivision (f) of Section 905.2 of the Government Code. This amount shall be transferred for support of the board as reimbursements to Item 8700-001-0001 of Section 2.00 of the Budget

Act of 2004. The board shall provide a report of the amounts recovered pursuant to this authority to the Department of Finance within 90 days of the enactment of this act.

SEC. 7. The amendments to Section 905.2 of the Government Code that are made by Section 1 of this act, shall become operative on July 1, 2005, or upon the enactment of the Budget Act of 2005, whichever is later.

SEC. 8. 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 pay claims against the state and end hardship to claimants as quickly as possible, it is necessary for this act to take effect immediately.

CHAPTER 185

An act to amend Sections 14839 and 14839.1 of the Government Code, relating to small business programs.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 14839 of the Government Code is amended to read:

14839. There is hereby established within the department the Office of Small Business and Disabled Veteran Business Enterprise Services. The duties of the office shall include:

(a) Compiling and maintaining a comprehensive bidders list of qualified small businesses and disabled veteran business enterprises, and noting which small businesses also qualify as microbusinesses.

(b) Coordinating with the Federal Small Business Administration, the Minority Business Development Agency, and the Office of Small Business Development of the Department of Economic and Business Development.

(c) Providing technical and managerial aids to small businesses, microbusinesses, and disabled veteran business enterprises, by conducting workshops on matters in connection with government procurement and contracting.

(d) Assisting small businesses, microbusinesses, and disabled veteran business enterprises, in complying with the procedures for bidding on state contracts.

(e) Working with appropriate state, federal, local, and private organizations and business enterprises in disseminating information on bidding procedures and opportunities available to small businesses, microbusinesses, and disabled veteran business enterprises.

(f) Making recommendations to the department and other state agencies for simplification of specifications and terms in order to increase the opportunities for small business, microbusiness, and disabled veteran business enterprise participation.

(g) Developing, by regulation, other programs and practices that are reasonably necessary to aid and protect the interest of small businesses, microbusinesses, and disabled veteran business enterprises in contracting with the state.

(h) Making efforts to develop, in cooperation with associations representing counties, cities, and special districts, a core statewide small business certification application that may be adopted by all participating entities, with any supplemental provisions to be added as necessary by the respective entities.

(i) The information furnished by each contractor requesting a small business or microbusiness preference shall be under penalty of perjury.

SEC. 2. Section 14839.1 of the Government Code is amended to read:

14839.1. (a) Except as provided in subdivision (b), the department shall have sole responsibility for certifying and determining the eligibility of small businesses and microbusinesses under this chapter.

(b) Notwithstanding subdivision (a), a business that has been certified by, or on behalf of, another governmental entity may be eligible for certification as a small business if the certifying entity uses substantially the same or more stringent definitions as those set forth in Section 14837 and substantially the same or a more stringent certification analysis than that used by the department pursuant to this chapter.

CHAPTER 186

An act to add Section 3137 to the Business and Professions Code, relating to optometry.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 3137 is added to the Business and Professions Code, to read:

3137. (a) Except as otherwise provided in this section, any accusation filed against a licensee pursuant to Section 11503 of the Government Code for the violation of any provision of this chapter shall be filed within three years after the board discovers the act or omission alleged as the ground for disciplinary action, or within seven years after the act or omission alleged as the ground for disciplinary action occurs, whichever occurs first.

(b) An accusation filed against a licensee pursuant to Section 11503 of the Government Code alleging fraud or willful misrepresentation is not subject to the limitation in subdivision (a).

(c) An accusation filed against a licensee pursuant to Section 11503 of the Government Code alleging unprofessional conduct based on incompetence, gross negligence, or repeated negligent acts of the licensee is not subject to the limitation in subdivision (a) upon proof that the licensee intentionally concealed from discovery his or her incompetence, gross negligence, or repeated negligent acts.

(d) If an alleged act or omission involves any conduct described in Section 726 committed on a minor, the 10-year limitations period in subdivision (e) shall be tolled until the minor reaches the age of majority.

(e) An accusation filed against a licensee pursuant to Section 11503 of the Government Code alleging conduct described in Section 726 shall be filed within three years after the board discovers the act or omission alleged as the ground for disciplinary action, or within 10 years after the act or omission alleged as the ground for disciplinary action occurs, whichever occurs first. This subdivision shall apply to a complaint alleging conduct received by the board on and after January 1, 2006.

(f) In any allegation, accusation, or proceeding described in this section, the limitations period in subdivision (a) shall be tolled for the period during which material evidence necessary for prosecuting or determining whether a disciplinary action would be appropriate is unavailable to the board due to an ongoing criminal investigation.

CHAPTER 187

An act to amend Section 2196.1 of the Streets and Highways Code, relating to transportation.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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

SECTION 1. Section 2196.1 of the Streets and Highways Code is amended to read:

2196.1. The Port of Los Angeles and the Port of Long Beach, to the extent practicable, shall provide the statistical data on imports and exports obtained pursuant to Section 2196 to the Business, Transportation and Housing Agency, the Office of Goods Movement of the Department of Transportation, and the Assembly and Senate Committees on Transportation. That information shall be provided on or before January 31, 2006, and annually thereafter through 2008.

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

CHAPTER 188

An act to amend Section 11125.1 of the Government Code, relating to public meetings.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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

SECTION 1. Section 11125.1 of the Government Code is amended to read:

11125.1. (a) Notwithstanding Section 6255 or any other provisions of law, agendas of public meetings and other writings, when distributed to all, or a majority of all, of the members of a state body by any person in connection with a matter subject to discussion or consideration at a public meeting of the body, are disclosable public records under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1), and shall be made available upon request without delay. However, this section shall not include any writing exempt from public disclosure under Section 6253.5, 6254, or 6254.7 of this code, or Section 489.1 or 583 of the Public Utilities Code.

(b) Writings that are public records under subdivision (a) and that are distributed to members of the state body prior to or during a meeting, pertaining to any item to be considered during the meeting, shall be made available for public inspection at the meeting if prepared by the state body or a member of the state body, or after the meeting if prepared by some other person. These writings shall be made available in appropriate alternative formats, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof, upon request by a person with a disability.

(c) In the case of the Franchise Tax Board, prior to that state body taking final action on any item, writings pertaining to that item that are public records under subdivision (a) that are prepared and distributed by the Franchise Tax Board staff or individual members to members of the state body prior to or during a meeting shall be:

(1) Made available for public inspection at that meeting.

(2) Distributed to all persons who request notice in writing pursuant to subdivision (a) of Section 11125.

(3) Made available on the Internet.

(d) Prior to the State Board of Equalization taking final action on any item that does not involve a named tax or fee payer, writings pertaining to that item that are public records under subdivision (a) that are prepared and distributed by board staff or individual members to members of the state body prior to or during a meeting shall be:

(1) Made available for public inspection at that meeting.

(2) Distributed to all persons who request or have requested copies of these writings.

(3) Made available on the Internet.

(e) Nothing in this section shall be construed to prevent a state body from charging a fee or deposit for a copy of a public record pursuant to Section 6253, except that no surcharge shall be imposed on persons with disabilities in violation of Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The writings described in subdivision (b) are subject to the requirements of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1), and shall not be construed to limit or delay the public's right to inspect any record required to be disclosed by that act, or to limit the public's right to inspect any record covered by that act. This section shall not be construed to be applicable to any writings solely because they are properly discussed in a closed session of a state body. Nothing in this article shall be construed to require a state body to place any paid advertisement or any other paid notice in any publication.

(f) "Writing" for purposes of this section means "writing" as defined under Section 6252.

CHAPTER 189

An act to amend Section 99 of the Revenue and Taxation Code, relating to local agencies.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 99 of the Revenue and Taxation Code is amended to read:

99. (a) For the purposes of the computations required by this chapter:

(1) In the case of a jurisdictional change, other than a city incorporation or a formation of a district as defined in Section 2215, the auditor shall adjust the allocation of property tax revenue determined pursuant to Section 96 or 96.1, or the annual tax increment determined pursuant to Section 96.5, for local agencies whose service area or service responsibility would be altered by the jurisdictional change, as determined pursuant to subdivision (b) or (c).

(2) In the case of a city incorporation, the auditor shall assign the allocation of property tax revenues determined pursuant to Section 56810 of the Government Code and the adjustments in tax revenues that may occur pursuant to Section 56815 of the Government Code to the newly formed city or district and shall make the adjustment as determined by Section 56810 in the allocation of property tax revenue determined pursuant to Section 96 or 96.1 for each local agency whose service area or service responsibilities would be altered by the incorporation.

(3) In the case of a formation of a district as defined in Section 2215, the auditor shall assign the allocation of property tax revenues determined pursuant to Section 56810 of the Government Code to the district and shall make the adjustment as determined by Section 56810 in the allocation of property tax revenue determined pursuant to Section 96 or 96.1 for each local agency whose service area or service responsibilities would be altered by the formation.

(b) Upon the filing of an application or a resolution pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code), but prior to the issuance of a certificate of filing,

the executive officer shall give notice of the filing to the assessor and auditor of each county within which the territory subject to the jurisdictional change is located. This notice shall specify each local agency whose service area or responsibility will be altered by the jurisdictional change.

(1) (A) The county assessor shall provide to the county auditor, within 30 days of the notice of filing, a report which identifies the assessed valuations for the territory subject to the jurisdictional change and the tax rate area or areas in which the territory exists.

(B) The auditor shall estimate the amount of property tax revenue generated within the territory that is the subject of the jurisdictional change during the current fiscal year.

(2) The auditor shall estimate what proportion of the property tax revenue determined pursuant to paragraph (1) is attributable to each local agency pursuant to Section 96.1 and Section 96.5.

(3) Within 45 days of notice of the filing of an application or resolution, the auditor shall notify the governing body of each local agency whose service area or service responsibility will be altered by the amount of, and allocation factors with respect to, property tax revenue estimated pursuant to paragraph (2) that is subject to a negotiated exchange.

(4) Upon receipt of the estimates pursuant to paragraph (3) the local agencies shall commence negotiations to determine the amount of property tax revenues to be exchanged between and among the local agencies. This negotiation period shall not exceed 60 days.

The exchange may be limited to an exchange of property tax revenues from the annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change. The final exchange resolution shall specify how the annual tax increment shall be allocated in future years.

(5) In the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the board of supervisors of the county or counties in which the districts are located shall, on behalf of the district or districts, negotiate any exchange of property tax revenues. Prior to entering into negotiation on behalf of a district for the exchange of property tax revenue, the board shall consult with the affected district. The consultation shall include, at a minimum, notification to each member and executive officer of the district board of the pending consultation and provision of adequate opportunity to comment on the negotiation.

(6) Notwithstanding any other provision of law, the executive officer shall not issue a certificate of filing pursuant to Section 56658 of the

Government Code until the local agencies included in the property tax revenue exchange negotiation, within the 60-day negotiation period, present resolutions adopted by each such county and city whereby each county and city agrees to accept the exchange of property tax revenues.

(7) In the event that the commission modifies the proposal or its resolution of determination, any local agency whose service area or service responsibility would be altered by the proposed jurisdictional change may request, and the executive officer shall grant, 15 days for the affected agencies, pursuant to paragraph (4) to renegotiate an exchange of property tax revenues. Notwithstanding the time period specified in paragraph (4), if the resolutions required pursuant to paragraph (6) are not presented to the executive officer within the 15-day period, all proceedings of the jurisdictional change shall automatically be terminated.

(8) In the case of a jurisdictional change that consists of a city's qualified annexation of unincorporated territory, an exchange of property tax revenues between the city and the county shall be determined in accordance with subdivision (e) if that exchange of revenues is not otherwise determined pursuant to either of the following:

(A) Negotiations completed within the applicable period or periods as prescribed by this subdivision.

(B) A master property tax exchange agreement among those local agencies, as described in subdivision (d).

For purposes of this paragraph, a qualified annexation of unincorporated territory means an annexation, as so described, for which an application or a resolution was filed on or after January 1, 1998, and on or before January 1, 2010.

(9) No later than the date on which the certificate of completion of the jurisdictional change is recorded with the county recorder, the executive officer shall notify the auditor or auditors of the exchange of property tax revenues and the auditor or auditors shall make the appropriate adjustments as provided in subdivision (a).

(c) Whenever a jurisdictional change is not required to be reviewed and approved by a local agency formation commission, the local agencies whose service area or service responsibilities would be altered by the proposed change, shall give notice to the State Board of Equalization and the assessor and auditor of each county within which the territory subject to the jurisdictional change is located. This notice shall specify each local agency whose service area or responsibility will be altered by the jurisdictional change and request the auditor and assessor to make the determinations required pursuant to paragraphs (1) and (2) of subdivision (b). Upon notification by the auditor of the amount of, and allocation factors with respect to, property tax subject to exchange, the

local agencies, pursuant to the provisions of paragraphs (4) and (6) of subdivision (b), shall determine the amount of property tax revenues to be exchanged between and among the local agencies. Notwithstanding any other provision of law, no such jurisdictional change shall become effective until each county and city included in these negotiations agrees, by resolution, to accept the negotiated exchange of property tax revenues. The exchange may be limited to an exchange of property tax revenue from the annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change. The final exchange resolution shall specify how the annual tax increment shall be allocated in future years. Upon the adoption of the resolutions required pursuant to this section, the adopting agencies shall notify the auditor who shall make the appropriate adjustments as provided in subdivision (a). Adjustments in property tax allocations made as the result of a city or library district withdrawing from a county free library system pursuant to Section 19116 of the Education Code shall be made pursuant to Section 19116 of the Education Code, and this subdivision shall not apply.

(d) With respect to adjustments in the allocation of property taxes pursuant to this section, a county and any local agency or agencies within the county may develop and adopt a master property tax transfer agreement. The agreement may be revised from time to time by the parties subject to the agreement.

(e) (1) An exchange of property tax revenues that is required by paragraph (8) of subdivision (b) to be determined pursuant to this subdivision shall be determined in accordance with all of the following:

(A) The city and the county shall mutually select a third-party consultant to perform a comprehensive, independent fiscal analysis, funded in equal portions by the city and the county, that specifies estimates of all tax revenues that will be derived from the annexed territory and the costs of city and county services with respect to the annexed territory. The analysis shall be completed within a period not to exceed 30 days, and shall be based upon the general plan or adopted plans and policies of the annexing city and the intended uses for the annexed territory. If, upon the completion of the analysis period, no exchange of property tax revenues is agreed upon by the city and the county, subparagraph (B) shall apply.

(B) The city and the county shall mutually select a mediator, funded in equal portions by those agencies, to perform mediation for a period of not to exceed 30 days. If, upon the completion of the mediation period, no exchange of property tax revenues is agreed upon by the city and the county, subparagraph (C) shall apply.

(C) The city and the county shall mutually select an arbitrator, funded in equal portions by those agencies, to conduct an advisory arbitration with the city and the county for a period of not to exceed 30 days. At the conclusion of this arbitration period, the city and the county shall each present to the arbitrator its last and best offer with respect to the exchange of property tax revenues. The arbitrator shall select one of the offers and recommend that offer to the governing bodies of the city and the county. If the governing body of the city or the county rejects the recommended offer, it shall do so during a public hearing, and shall, at the conclusion of that hearing, make written findings of fact as to why the recommended offer was not accepted.

(2) Proceedings under this subdivision shall be concluded no more than 150 days after the auditor provides the notification pursuant to paragraph (3) of subdivision (b), unless one of the periods specified in this subdivision is extended by the mutual agreement of the city and the county. Notwithstanding any other provision of law, except for those conditions that are necessary to implement an exchange of property tax revenues determined pursuant to this subdivision, the local agency formation commission shall not impose any fiscal conditions upon a city's qualified annexation of unincorporated territory that is subject to this subdivision.

(f) Except as otherwise provided in subdivision (g), for the purpose of determining the amount of property tax to be allocated in the 1979–80 fiscal year and each fiscal year thereafter for those local agencies that were affected by a jurisdictional change which was filed with the State Board of Equalization after January 1, 1978, but on or before January 1, 1979. The local agencies shall determine by resolution the amount of property tax revenues to be exchanged between and among the affected agencies and notify the auditor of the determination.

(g) For the purpose of determining the amount of property tax to be allocated in the 1979–80 fiscal year and each fiscal year thereafter, for a city incorporation that was filed pursuant to Sections 54900 to 54904 after January 1, 1978, but on or before January 1, 1979, the amount of property tax revenue considered to have been received by the jurisdiction for the 1978–79 fiscal year shall be equal to two-thirds of the amount of property tax revenue projected in the final local agency formation commission staff report pertaining to the incorporation multiplied by the proportion that the total amount of property tax revenue received by all jurisdictions within the county for the 1978–79 fiscal year bears to the total amount of property tax revenue received by all jurisdictions within the county for the 1977–78 fiscal year. Except, however, in the event that the final commission report did not specify the amount of property tax revenue projected for that incorporation, the commission

shall by October 10, determine pursuant to Section 54790.3 of the Government Code the amount of property tax to be transferred to the city.

The provisions of this subdivision shall also apply to the allocation of property taxes for the 1980–81 fiscal year and each fiscal year thereafter for incorporations approved by the voters in June 1979.

(h) For the purpose of the computations made pursuant to this section, in the case of a district formation that was filed pursuant to Sections 54900 to 54904, inclusive, of the Government Code after January 1, 1978, but before January 1, 1979, the amount of property tax to be allocated to the district for the 1979–80 fiscal year and each fiscal year thereafter shall be determined pursuant to Section 54790.3 of the Government Code.

(i) For the purposes of the computations required by this chapter, in the case of a jurisdictional change, other than a change requiring an adjustment by the auditor pursuant to subdivision (a), the auditor shall adjust the allocation of property tax revenue determined pursuant to Section 96 or 96.1 or its predecessor section, or the annual tax increment determined pursuant to Section 96.5 or its predecessor section, for each local school district, community college district, or county superintendent of schools whose service area or service responsibility would be altered by the jurisdictional change, as determined as follows:

(1) The governing body of each district, county superintendent of schools, or county whose service areas or service responsibilities would be altered by the change shall determine the amount of property tax revenues to be exchanged between and among the affected jurisdictions. This determination shall be adopted by each affected jurisdiction by resolution. For the purpose of negotiation, the county auditor shall furnish the parties and the county board of education with an estimate of the property tax revenue subject to negotiation.

(2) In the event that the affected jurisdictions are unable to agree, within 60 days after the effective date of the jurisdictional change, and if all the jurisdictions are wholly within one county, the county board of education shall, by resolution, determine the amount of property tax revenue to be exchanged. If the jurisdictions are in more than one county, the State Board of Education shall, by resolution, within 60 days after the effective date of the jurisdictional change, determine the amount of property tax to be exchanged.

(3) Upon adoption of any resolution pursuant to this subdivision, the adopting jurisdictions or State Board of Education shall notify the county auditor who shall make the appropriate adjustments as provided in subdivision (a).

(j) For purposes of subdivision (i), the annexation by a community college district of territory within a county not previously served by a community college district is an alteration of service area. The community college district and the county shall negotiate the amount, if any, of property tax revenues to be exchanged. In these negotiations, there shall be taken into consideration the amount of revenue received from the timber yield tax and forest reserve receipts by the community college district in the area not previously served. In no event shall the property tax revenue to be exchanged exceed the amount of property tax revenue collected prior to the annexation for the purposes of paying tuition expenses of residents enrolled in the community college district, adjusted each year by the percentage change in population and the percentage change in the cost of living, or per capita personal income, whichever is lower, less the amount of revenue received by the community college district in the annexed area from the timber yield tax and forest reserve receipts.

(k) At any time after a jurisdictional change is effective, any of the local agencies party to the agreement to exchange property tax revenue may renegotiate the agreement with respect to the current fiscal year or subsequent fiscal years, subject to approval by all local agencies affected by the renegotiation.

CHAPTER 190

An act to amend Section 830.11 of the Penal Code, relating to investigators.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 830.11 of the Penal Code, as amended by Section 4 of Chapter 890 of the Statutes of 2003, is amended to read:

830.11. (a) The following persons are not peace officers but may exercise the powers of arrest of a peace officer as specified in Section 836 and the power to serve warrants as specified in Sections 1523 and 1530 during the course and within the scope of their employment, if they receive a course in the exercise of those powers pursuant to Section 832. The authority and powers of the persons designated under this section shall extend to any place in the state:

(1) Persons employed by the Department of Financial Institutions designated by the Commissioner of Financial Institutions, provided that the primary duty of these persons shall be the enforcement of, and investigations relating to, the provisions of law administered by the Commissioner of Financial Institutions.

(2) Persons employed by the Department of Real Estate designated by the Real Estate Commissioner, provided that the primary duty of these persons shall be the enforcement of the laws set forth in Part 1 (commencing with Section 10000) and Part 2 (commencing with Section 11000) of Division 4 of the Business and Professions Code. The Real Estate Commissioner may designate persons under this section, who at the time of their designation, are assigned to the Special Investigations Unit, internally known as the Crisis Response Team.

(3) Persons employed by the State Lands Commission designated by the executive officer, provided that the primary duty of these persons shall be the enforcement of the law relating to the duties of the State Lands Commission.

(4) Persons employed as investigators of the Investigations Bureau of the Department of Insurance, who are designated by the Chief of the Investigations Bureau, provided that the primary duty of these persons shall be the enforcement of the Insurance Code and other laws relating to persons and businesses, licensed and unlicensed by the Department of Insurance, who are engaged in the business of insurance.

(5) Persons employed as investigators and investigator supervisors of the Consumer Services Division or the Rail Safety and Carrier Division of the Public Utilities Commission who are designated by the commission's executive director and approved by the commission, provided that the primary duty of these persons shall be the enforcement of the law as that duty is set forth in Section 308.5 of the Public Utilities Code.

(6) (A) Persons employed by the State Board of Equalization, Investigations Division, who are designated by the board's executive director, provided that the primary duty of these persons shall be the enforcement of laws administered by the State Board of Equalization.

(B) Persons designated pursuant to this paragraph are not entitled to peace officer retirement benefits.

(7) Persons employed by the Department of Food and Agriculture and designated by the Secretary of Food and Agriculture as investigators, investigator supervisors, and investigator managers, provided that the primary duty of these persons shall be enforcement of, and investigations relating to, the Food and Agricultural Code or Division 5 (commencing with Section 12001) of the Business and Professions Code.

(b) Notwithstanding any other provision of law, persons designated pursuant to this section may not carry firearms.

(c) Persons designated pursuant to this section shall be included as "peace officers of the state" under paragraph (2) of subdivision (c) of Section 11105 for the purpose of receiving state summary criminal history information and shall be furnished that information on the same basis as peace officers of the state designated in paragraph (2) of subdivision (c) of Section 11105.

(d) This section shall remain in effect until January 1, 2010, and as of that date shall be repealed.

SEC. 2. Section 830.11 of the Penal Code, as added by Section 5 of Chapter 890 of the Statutes of 2003, is amended to read:

830.11. (a) The following persons are not peace officers but may exercise the powers of arrest of a peace officer as specified in Section 836 and the power to serve warrants as specified in Sections 1523 and 1530 during the course and within the scope of their employment, if they receive a course in the exercise of those powers pursuant to Section 832. The authority and powers of the persons designated under this section shall extend to any place in the state:

(1) Persons employed by the Department of Financial Institutions designated by the Commissioner of Financial Institutions, provided that the primary duty of these persons shall be the enforcement of, and investigations relating to, the provisions of law administered by the Commissioner of Financial Institutions.

(2) Persons employed by the Department of Real Estate designated by the Real Estate Commissioner, provided that the primary duty of these persons shall be the enforcement of the laws set forth in Part 1 (commencing with Section 10000) and Part 2 (commencing with Section 11000) of Division 4 of the Business and Professions Code. The Real Estate Commissioner may designate persons under this section, who at the time of their designation, are assigned to the Special Investigations Unit, internally known as the Crisis Response Team.

(3) Persons employed by the State Lands Commission designated by the executive officer, provided that the primary duty of these persons shall be the enforcement of the law relating to the duties of the State Lands Commission.

(4) Persons employed as investigators of the Investigations Bureau of the Department of Insurance, who are designated by the Chief of the Investigations Bureau, provided that the primary duty of these persons shall be the enforcement of the Insurance Code and other laws relating to persons and businesses, licensed and unlicensed by the Department of Insurance, who are engaged in the business of insurance.

(5) Persons employed as investigators and investigator supervisors of the Consumer Services Division or the Rail Safety and Carrier Division of the Public Utilities Commission who are designated by the commission's executive director and approved by the commission, provided that the primary duty of these persons shall be the enforcement of the law as that duty is set forth in Section 308.5 of the Public Utilities Code.

(6) Persons employed by the Department of Food and Agriculture and designated by the Secretary of Food and Agriculture as investigators, investigator supervisors, and investigator managers, provided that the primary duty of these persons shall be enforcement of, and investigations relating to, the Food and Agricultural Code or Division 5 (commencing with Section 12001) of the Business and Professions Code.

(b) Notwithstanding any other provision of law, persons designated pursuant to this section may not carry firearms.

(c) Persons designated pursuant to this section shall be included as "peace officers of the state" under paragraph (2) of subdivision (c) of Section 11105 for the purpose of receiving state summary criminal history information and shall be furnished that information on the same basis as peace officers of the state designated in paragraph (2) of subdivision (c) of Section 11105.

(d) This section shall become operative on January 1, 2010.

CHAPTER 191

An act to amend Section 94110 of the Education Code, relating to postsecondary education, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 94110 of the Education Code is amended to read:

94110. As used in this chapter, the following words and terms have the following meanings, unless the context indicates or requires another or different meaning or intent:

(a) "Authority" means the California Educational Facilities Authority created by this chapter or any board, body, commission, department, or

officer succeeding to the principal functions thereof or to whom the power conferred upon the authority by this chapter is given by law.

(b) "Bond" means bonds, notes, debentures, or other securities of the authority issued pursuant to this chapter.

(c) "Cost," as applied to a project or portion thereof financed under this chapter, embraces 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 the buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to, during, and for a period after completion of, the construction as determined by the authority, provisions for working capital, reserves for principal and interest and for extension, enlargements, additions, replacements, renovations and improvements, the cost of engineering, financial and legal services, plans, specifications, studies, surveys, estimates, administrative expenses, and other expenses necessary or incident to determining the feasibility of constructing any project or incident to the construction or acquisition or financing thereof.

(d) "Dormitory" means a housing unit with necessary and usual attendant and related facilities and equipment.

(e) "Educational facility" means a structure suitable for use as a dormitory, dining hall, student union, administration building, academic building, library, laboratory, research facility, classroom, health care facility (including for an institution of higher education that maintains and operates a school of medicine, structures or facilities providing or designed to provide services as a hospital or clinic, whether the hospital or clinic is operated directly by the institution of higher education or by a separate nonprofit corporation, the member or members of which consist of the educational institution or the members of its governing body), faculty and staff housing, and parking, maintenance, storage, or utility facilities and other structures or facilities related thereto or required or useful for the instruction of students or the conducting of research or the operation of an institution for higher education, and the necessary and usual attendant and related facilities and equipment, but does not include any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity.

(f) "Faculty and staff housing" means a residential unit owned by a participating college or participating nonprofit entity for use by an

individual holding a faculty appointment or a staff position at a public university, public college, or participating college.

(g) "Participating nonprofit entity" means an entity within the meaning of paragraph (3) of subsection (c) of Section 501 of Title 26 of the United States Code that, pursuant to this chapter for the purpose of owning student, faculty, or staff housing, as approved by, and for participation with, the authority, undertakes the financing and construction or acquisition of student, faculty, or staff housing, on real property owned or leased by the entity, for the benefit of a public college, public university, or participating private college. The authority may determine any additional qualifications of a participating nonprofit entity through regulations or guidelines.

(h) "Participating private college" or "participating college" means a private college that neither restricts entry on racial or religious grounds nor requires all students gaining admission to receive instruction in the tenets of a particular faith, and that, pursuant to this chapter, participates with the authority in undertaking the financing and construction or acquisition of a project.

(i) (1) "Private college" means an institution for higher education other than a public college, situated within the state and that, by virtue of law or charter, is a nonprofit private or independent degree-granting educational institution that is regionally accredited and empowered to provide a program of education beyond the high school level.

(2) For purposes of obtaining financing under this chapter, "private college" also includes either of the following:

(A) A nonprofit affiliate, established on or prior to January 1, 2005, of one or more private colleges, as defined in paragraph (1), the sole or primary purpose of which is to provide administrative or other support services to an affiliated private college or private colleges, and that undertakes the financing of a project for the exclusive use and benefit of one or more of the affiliated private colleges.

(B) A private nonprofit research organization affiliated with one or more private colleges, as defined in paragraph (1), and engaged in basic research and advanced education at the predoctoral and postdoctoral levels, but solely for the purpose of refunding bonds or other obligations previously issued by the authority.

(j) (1) "Project" means a dormitory or an educational facility, faculty or staff housing, or any combination thereof, or any function concerning student loans, or interests therein, as determined by the authority.

(2) For a participating nonprofit entity, "project" means the construction or acquisition of student housing or faculty and staff housing. The authority, in consultation with the top administrative officials and the participating nonprofit entity, shall develop and adopt

regulations to ensure, to the greatest extent practicable, that each project involving a participating nonprofit entity is used to house students, faculty, or staff of the participating private college, public college, or public university. The student, faculty, or staff housing shall meet all of the following criteria:

(A) Upon completion or acquisition of the project, the project will be owned by a participating nonprofit entity and located on real property owned, or leased by, that entity.

(B) The top administrative official of the public university, public college, or participating private college that the project is intended to benefit, verifies the need for housing and financing assistance in a specific area pursuant to subparagraph (D).

(C) The project is monitored on an annual basis by the authority to ensure that it meets the requirements of subparagraph (E) and all other regulatory agreements entered into by the authority.

(D) The project is located within a five-mile radius of the boundary of a campus or satellite center of the public college, public university, or participating private college that the project is intended to benefit. The participating nonprofit entity may request approval from the top official of the institution for a project that is located outside the five-mile radius, provided that all of the following criteria are met:

(i) There are no available and feasible sites within the five-mile radius.

(ii) The project is near a mass transit destination.

(iii) The time required to commute from campus to the mass transit destination, as estimated by the top administrative official, typically does not exceed 30 minutes.

(E) (i) The project includes and maintains for 40 years a restriction to the grant deed on the real property on which the student or faculty and staff housing is to be located. The grant deed shall accomplish all of the following:

(I) Give the public college, public university, or participating private college that the project is intended to benefit the right, but not the obligation, to purchase the property at fair market value.

(II) Ensure that students, faculty, or staff of the affected campus will have first right of refusal to all available units.

(III) Require that, to the greatest extent feasible, at least 50 percent of student residents will meet the criteria for need-based financial assistance, as determined by the top administrative official of the affected campus.

(IV) Require that all contracts for construction and renovation of the proposed project shall be subject to, and comply with the provisions referenced in, Section 10128 of the Public Contract Code.

(ii) For the purposes of this subparagraph, the authority shall, through regulation or rule, define "student" and "faculty," taking into consideration enrollment status requirements and employment status requirements. The definitions of "student" and "faculty" may be different for each participating campus.

(k) "Public college" means a community college.

(*l*) "Public university" means any campus of the University of California, the California State University, or the Hastings College of the Law.

(m) "Student housing" means a residential unit owned by a participating nonprofit entity, and located on real property owned by that entity, for use by an individual enrolled at a public college, public university, or participating private college.

(n) "Student loan" means any loan having terms and conditions acceptable to the authority that is made to finance or refinance the costs of attendance at any private college or a public college and that is approved by the authority, if the loan is originated pursuant to a program that is approved by the authority.

(o) "Top administrative official" means the chancellor in the case of a campus of the University of California, the dean in the case of the Hastings College of the Law, the president in the case of a campus of the California State University, the president in the case of a campus of the California Community Colleges, or the president or highest ranking official in the case of a participating private college.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

The low-interest rate environment allows not-for-profit educational organizations that have outstanding debt to refund those loans to generate cashflow savings, but since June 2004, the Federal Reserve has raised interest rates five times. In order to ensure interest-rate savings for entities affected by this act, it is imperative that it take effect immediately.

CHAPTER 192

An act to amend Item 6110-136-0890 of Section 2.00 of the Budget Act of 2004 (Chapter 208 of the Statutes of 2004), relating to education finance, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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

SECTION 1. Item 6110-136-0890 of Section 2.00 of the Budget Act of 2004 is amended to read:

6110-136-0890—For local assistance, State Department of Education, payable from the Federal Trust Fund..... 1,838,026,000

Schedule:

(1) 10.30.060-Title I-ESEA..... 1,726,791,000

(2) 10.30.065-McKinney-Vento Homeless Children Education..... 9,326,000

(3) 10.30.080-Title I-School Improvement..... 101,909,000

Provisions:

1. 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.
2. Of the funds appropriated in Schedule (3) of this item, $12,500,000 shall be available for use by the State Department of Education for the purposes of the Statewide System of School Support established by Article 4.2 (commencing with Section 52059) of Chapter 6.1 of Part 28 of the Education Code. Of this amount, $2,500,000 shall be provided on a one-time basis for costs incurred by counties in the 2003–04 fiscal year.
3. Of the funds appropriated in Schedule (3) of this item, up to $8,600,000 shall be made available to support school assistance and intervention teams that enter into a contract with a school pursuant to subdivision (a) of Section 52055.51 of the Education Code. These funds shall be allocated in the amount of $75,000 for each school assistance and intervention team assigned to an elementary or middle school, and $100,000 for

each team assigned to a high school. The State Department of Education and Department of Finance may approve applications with justification for a total funding level of $125,000.

4. Of the funds appropriated in Schedule (3) of this item, up to $17,648,050 shall be made available to provide $150 per pupil for each pupil in a school that is managed in accordance with paragraph (3) of subdivision (b) of Section 52055.5 of the Education Code or that contracts with a school assistance and intervention team pursuant to subdivision (a) of Section 52055.51 of the Education Code.
5. Of the funds appropriated in Schedule (1), $10,700,000 for Even Start, and $8,980,000 for Title I Basic, are carryover funds provided on a one-time basis.
6. Of the funds appropriated in Schedule (2), $1,229,000 for McKinney-Vento Homeless Children Education are carryover funds provided on a one-time basis.
7. Of the funds appropriated in Schedule (3), $66,796,000 shall be available pursuant to pending legislation regarding Title I district accountability. Of this amount, $31,987,000 are carryover funds, a portion of which may be used for purposes of Provision 4.

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 provide adequate funds for school assistance and intervention teams to certain schools in need of improvement at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 193

An act to amend Section 73 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 73 of the Revenue and Taxation Code is amended to read:

73. (a) Pursuant to the authority granted to the Legislature pursuant to paragraph (1) of subdivision (c) of Section 2 of Article XIII A of the California Constitution, the term "newly constructed," as used in subdivision (a) of Section 2 of Article XIII A of the California Constitution, does not include the construction or addition of any active solar energy system, as defined in subdivision (b).

(b) (1) "Active solar energy system" means a system that uses solar devices, which are thermally isolated from living space or any other area where the energy is used, to provide for the collection, storage, or distribution of solar energy.

(2) "Active solar energy system" does not include solar swimming pool heaters or hot tub heaters.

(3) Active solar energy systems may be used for any of the following:

(A) Domestic, recreational, therapeutic, or service water heating.

(B) Space conditioning.

(C) Production of electricity.

(D) Process heat.

(E) Solar mechanical energy.

(c) (1) (A) The Legislature finds and declares that the definition of spare parts in this paragraph is declarative of the intent of the Legislature, in prior statutory enactments of this section that excluded active solar energy systems from the term "newly constructed," as used in the California Constitution, thereby creating a tax appraisal exclusion.

(B) An active solar energy system that uses solar energy in the production of electricity includes storage devices, power conditioning equipment, transfer equipment, and parts related to the functioning of those items. In general, the use of solar energy in the production of electricity involves the transformation of sunlight into electricity through the use of devices such as solar cells or other collectors. However, an active solar energy system used in the production of electricity includes only equipment used up to, but not including, the stage of the transmission or use of the electricity. For the purpose of this paragraph, the term "parts" includes spare parts that are owned by the owner of, or the maintenance contractor for, an active solar energy system that uses solar energy in the production of electricity and which spare parts were specifically purchased, designed, or fabricated by or for that owner or maintenance contractor for installation in an active solar energy system that uses solar energy in the production of electricity, thereby including those parts in the tax appraisal exclusion created by this section.

(2) An active solar energy system that uses solar energy in the production of electricity also includes pipes and ducts that are used exclusively to carry energy derived from solar energy. Pipes and ducts that are used to carry both energy derived from solar energy and from energy derived from other sources are active solar energy system property only to the extent of 75 percent of their full cash value.

(3) An active solar energy system that uses solar energy in the production of electricity does not include auxiliary equipment, such as furnaces and hot water heaters, that use a source of power other than solar energy to provide usable energy. An active solar energy system that uses solar energy in the production of electricity does include equipment, such as ducts and hot water tanks, that is utilized by both auxiliary equipment and solar energy equipment, that is, dual use equipment. That equipment is active solar energy system property only to the extent of 75 percent of its full cash value.

(d) This section applies to property tax lien dates for the 1999–2000 fiscal year to the 2008–09 fiscal year, inclusive. For purposes of supplemental assessment, this section applies only to qualifying construction or additions completed on or after January 1, 1999.

(e) This section shall remain in effect only until January 1, 2010, and as of that date is repealed.

SEC. 2. Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

CHAPTER 194

An act to amend, repeal, and add Section 32126 of, and to repeal, amend, and add Section 32121 of, the Health and Safety Code, relating to health care districts.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 32121 of the Health and Safety Code, as amended by Section 136 of Chapter 664 of the Statutes of 2002, is repealed.

SEC. 2. Section 32121 of the Health and Safety Code, as amended by Section 137 of Chapter 664 of the Statutes of 2002, is amended to read:

32121. Each local district shall have and may exercise the following powers:

(a) To have and use a corporate seal and alter it at its pleasure.

(b) To sue and be sued in all courts and places and in all actions and proceedings whatever.

(c) To purchase, receive, have, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district, and to control, dispose of, convey, and encumber the same and create a leasehold interest in the same for the benefit of the district.

(d) To exercise the right of eminent domain for the purpose of acquiring real or personal property of every kind necessary to the exercise of any of the powers of the district.

(e) To establish one or more trusts for the benefit of the district, to administer any trust declared or created for the benefit of the district, to designate one or more trustees for trusts created by the district, to receive by gift, devise, or bequest, and hold in trust or otherwise, property, including corporate securities of all kinds, situated in this state or elsewhere, and where not otherwise provided, dispose of the same for the benefit of the district.

(f) To employ legal counsel to advise the board of directors in all matters pertaining to the business of the district, to perform the functions in respect to the legal affairs of the district as the board may direct, and to call upon the district attorney of the county in which the greater part of the land in the district is situated for legal advice and assistance in all matters concerning the district, except that if that county has a county counsel, the directors may call upon the county counsel for legal advice and assistance.

(g) To employ any officers and employees, including architects and consultants, the board of directors deems necessary to carry on properly the business of the district.

(h) To prescribe the duties and powers of the health care facility administrator, secretary, and other officers and employees of any health care facilities of the district, to establish offices as may be appropriate and to appoint board members or employees to those offices, and to determine the number of, and appoint, all officers and employees and to fix their compensation. The officers and employees shall hold their offices or positions at the pleasure of the boards of directors.

(i) To do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses'

training school, or a child care facility for the benefit of employees of the health care facility or residents of the district.

(j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district.

"Health care facilities," as used in this subdivision, means those facilities defined in subdivision (b) of Section 32000.1 and specifically includes freestanding chemical dependency recovery units. "Health facilities," as used in this subdivision, may also include those facilities defined in subdivision (d) of Section 15432 of the Government Code.

(k) To do any and all other acts and things necessary to carry out this division.

(*l*) To acquire, maintain, and operate ambulances or ambulance services within and without the district.

(m) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.

(n) To establish and operate in cooperation with its medical staff a coinsurance plan between the hospital district and the members of its attending medical staff.

(o) To establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the health care district.

(p) (1) To transfer, at fair market value, any part of its assets to one or more corporations to operate and maintain the assets. A transfer pursuant to this paragraph shall be deemed to be at fair market value if an independent consultant, with expertise in methods of appraisal and valuation and in accordance with applicable governmental and industry standards for appraisal and valuation, determines that fair and reasonable consideration is to be received by the district for the transferred district assets. Before the district transfers, pursuant to this paragraph, 50 percent or more of the district's assets to one or more corporations, in sum or by increment, the elected board shall, by resolution, submit to the voters of the district a measure proposing the transfer. The measure shall be placed on the ballot of a special election held upon the request of the district or the ballot of the next regularly scheduled election occurring

at least 88 days after the resolution of the board. If a majority of the voters voting on the measure vote in its favor, the transfer shall be approved. The campaign disclosure requirements applicable to local measures provided under Chapter 4 (commencing with Section 84100) of Title 9 of the Government Code shall apply to this election.

(2) To transfer, for the benefit of the communities served by the district, in the absence of adequate consideration, any part of the assets of the district, including, without limitation, real property, equipment, and other fixed assets, current assets, and cash, relating to the operation of the district's health care facilities to one or more nonprofit corporations to operate and maintain the assets.

(A) A transfer of 50 percent or more of the district's assets, in sum or by increment, pursuant to this paragraph shall be deemed to be for the benefit of the communities served by the district only if all of the following occur:

(i) The transfer agreement and all arrangements necessary thereto are fully discussed in advance of the district board decision to transfer the assets of the district in at least five properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(ii) The transfer agreement provides that the hospital district shall approve all initial board members of the nonprofit corporation and any subsequent board members as may be specified in the transfer agreement.

(iii) The transfer agreement provides that all assets transferred to the nonprofit corporation, and all assets accumulated by the corporation during the term of the transfer agreement arising out of, or from, the operation of the transferred assets, are to be transferred back to the district upon termination of the transfer agreement, including any extension of the transfer agreement.

(iv) The transfer agreement commits the nonprofit corporation to operate and maintain the district's health care facilities and its assets for the benefit of the communities served by the district.

(v) The transfer agreement requires that any funds received from the district at the outset of the agreement or any time thereafter during the term of the agreement be used only to reduce district indebtedness, to acquire needed equipment for the district health care facilities, to operate, maintain, and make needed capital improvements to the district's health care facilities, to provide supplemental health care services or facilities for the communities served by the district, or to conduct other activities that would further a valid public purpose if undertaken directly by the district.

(B) A transfer of 10 percent or more but less than 50 percent of the district's assets, in sum or by increment, pursuant to this paragraph shall be deemed to be for the benefit of the communities served by the district only if both of the following occur:

(i) The transfer agreement and all arrangements necessary thereto are fully discussed in advance of the district board decision to transfer the assets of the district in at least two properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(ii) The transfer agreement meets all of the requirements of clauses (iii) to (v), inclusive, of subparagraph (A).

(C) Before the district transfers, pursuant to this paragraph, 50 percent or more of the district's assets to one or more nonprofit corporations, in sum or by increment, the elected board shall, by resolution, submit to the voters of the district a measure proposing the transfer. The measure shall be placed on the ballot of a special election held upon the request of the district or the ballot of the next regularly scheduled election occurring at least 88 days after the resolution of the board. If a majority of the voters voting on the measure vote in its favor, the transfer shall be approved. The campaign disclosure requirements applicable to local measures provided under Chapter 4 (commencing with Section 84100) of Title 9 of the Government Code shall apply to this election.

(D) Notwithstanding the other provisions of this paragraph, a hospital district shall not transfer any portion of its assets to a private nonprofit organization that is owned or controlled by a religious creed, church, or sectarian denomination in the absence of adequate consideration.

(3) If the district board has previously transferred less than 50 percent of the district's assets pursuant to this subdivision, before any additional assets are transferred, the board shall hold a public hearing and shall make a public determination that the additional assets to be transferred will not, in combination with any assets previously transferred, equal 50 percent or more of the total assets of the district.

(4) The amendments to this subdivision made during the 1991–92 Regular Session, and the amendments made to this subdivision and to Section 32126 made during the 1993–94 Regular Session, shall only apply to transfers made on or after the effective dates of the acts amending this subdivision. The amendments to this subdivision made during those sessions shall not apply to any of the following:

(A) A district that has discussed and adopted a board resolution prior to September 1, 1992, that authorizes the development of a business plan for an integrated delivery system.

(B) A lease agreement, transfer agreement, or both between a district and a nonprofit corporation that were in full force and effect as of September 1, 1992, for as long as that lease agreement, transfer agreement, or both remain in full force and effect.

(5) Notwithstanding paragraph (4), if substantial amendments are proposed to be made to a transfer agreement described in subparagraph (A) or (B) of paragraph (4), the amendments shall be fully discussed in advance of the district board's decision to adopt the amendments in at least two properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(6) Notwithstanding paragraphs (4) and (5), a transfer agreement described in subparagraph (A) or (B) of paragraph (4) that provided for the transfer of less than 50 percent of a district's assets shall be subject to the requirements of this subdivision when subsequent amendments to that transfer agreement would result in the transfer, in sum or by increment, of 50 percent or more of a district's assets to the nonprofit corporation.

(7) For purposes of this subdivision, a "transfer" means the transfer of ownership of the assets of a district. A lease of the real property or the tangible personal property of a district shall not be subject to this subdivision except as specified in Section 32121.4 and as required under Section 32126.

(8) Districts that request a special election pursuant to paragraph (1) or (2) shall reimburse counties for the costs of that special election as prescribed pursuant to Section 10520 of the Elections Code.

(9) (A) Nothing in this section, including subdivision (j), shall be construed to permit a local district to obtain or be issued a single consolidated license to operate a separate physical plant as a skilled nursing facility or an intermediate care facility that is not located within the boundaries of the district.

(B) Notwithstanding subparagraph (A), Eastern Plumas Health Care District may obtain and be issued a single consolidated license to operate a separate physical plant as a skilled nursing facility or an intermediate care facility that is located on the campus of the Sierra Valley District Hospital. This subparagraph shall have no application to any other district and is intended only to address the urgent need to preserve skilled nursing or intermediate care services within the rural County of Sierra.

(C) Subparagraph (B) shall only remain operative until the Sierra Valley District Hospital is annexed by the Eastern Plumas Health Care District or January 1, 2008, whichever occurs first. In no event shall the Eastern Plumas Health Care District increase the number of licensed

beds at the Sierra Valley District Hospital during the operative period of subparagraph (B).

(10) A transfer of any of the assets of a district to one or more nonprofit corporations to operate and maintain the assets shall not be required to meet paragraphs (1) to (9), inclusive, of this subdivision if all of the following conditions apply at the time of the transfer:

(A) The district has entered into a loan that is insured by the State of California under Chapter 1 (commencing with Section 129000) of Part 6 of Division 107.

(B) The district is in default of its loan obligations, as determined by the Office of Statewide Health Planning and Development.

(C) The Office of Statewide Health Planning and Development and the district, in their best judgment, agree that the transfer of some or all of the assets of the district to a nonprofit corporation or corporations is necessary to cure the default, and will obviate the need for foreclosure. This cure of default provision shall be applicable prior to the office foreclosing on district hospital assets. After the office has foreclosed on district hospital assets, or otherwise taken possession in accordance with law, the office may exercise all of its powers to deal with and dispose of hospital property.

(D) The transfer and all arrangements necessary thereto are discussed in advance of the transfer in at least one properly noticed open and public meeting in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code). The meeting referred to in this paragraph shall be noticed and held within 90 days of notice in writing to the district by the office of an event of default. If the meeting is not held within this 90-day period, the district shall be deemed to have waived this requirement to have a meeting.

(11) If a transfer under paragraph (10) is a lease, the lease shall provide that the assets shall revert to the district at the conclusion of the leasehold interest. If the transfer is a sale, the proceeds shall be used first to retire the obligation insured by the office, then to retire any other debts of the district. After providing for debts, any remaining funds shall revert to the district.

(12) A health care district shall report to the Attorney General, within 30 days of any transfer of district assets to one or more nonprofit or for-profit corporations, the type of transaction and the entity to whom the assets were transferred or leased.

(q) To contract for bond insurance, letters of credit, remarketing services, and other forms of credit enhancement and liquidity support for its bonds, notes, and other indebtedness and to enter into

reimbursement agreements, monitoring agreements, remarketing agreements, and similar ancillary contracts in connection therewith.

(r) To establish, maintain, operate, participate in, or manage capitated health care service plans, health maintenance organizations, preferred provider organizations, and other managed health care systems and programs properly licensed by the Department of Insurance or the Department of Managed Care, at any location within or without the district for the benefit of residents of communities served by the district. However, that activity shall not be deemed to result in, or constitute, the giving or lending of the district's credit, assets, surpluses, cash, or tangible goods to, or in aid of, any person, association, or corporation in violation of Section 6 of Article XVI of the California Constitution.

Nothing in this section shall be construed to authorize activities that corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

Any agreement to provide health care coverage that is a health care service plan, as defined in subdivision (f) of Section 1345, shall be subject to Chapter 2.2 (commencing with Section 1340) of Division 2, unless exempted pursuant to Section 1343 or 1349.2.

A district shall not provide health care coverage for any employee of an employer operating within the communities served by the district, unless the Legislature specifically authorizes, or has authorized in this section or elsewhere, the coverage.

Nothing in this section shall be construed to authorize any district to contribute its facilities to any joint venture that could result in transfer of the facilities from district ownership.

(s) To provide health care coverage to members of the district's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.

(t) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 3. Section 32121 is added to the Health and Safety Code, to read:

32121. Each local district shall have and may exercise the following powers:

(a) To have and use a corporate seal and alter it at its pleasure.

(b) To sue and be sued in all courts and places and in all actions and proceedings whatever.

(c) To purchase, receive, have, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district, and to control, dispose of, convey, and encumber the same and create a leasehold interest in the same for the benefit of the district.

(d) To exercise the right of eminent domain for the purpose of acquiring real or personal property of every kind necessary to the exercise of any of the powers of the district.

(e) To establish one or more trusts for the benefit of the district, to administer any trust declared or created for the benefit of the district, to designate one or more trustees for trusts created by the district, to receive by gift, devise, or bequest, and hold in trust or otherwise, property, including corporate securities of all kinds, situated in this state or elsewhere, and where not otherwise provided, dispose of the same for the benefit of the district.

(f) To employ legal counsel to advise the board of directors in all matters pertaining to the business of the district, to perform the functions in respect to the legal affairs of the district as the board may direct, and to call upon the district attorney of the county in which the greater part of the land in the district is situated for legal advice and assistance in all matters concerning the district, except that if that county has a county counsel, the directors may call upon the county counsel for legal advice and assistance.

(g) To employ any officers and employees, including architects and consultants, the board of directors deems necessary to carry on properly the business of the district.

(h) To prescribe the duties and powers of the health care facility administrator, secretary, and other officers and employees of any health care facilities of the district, to establish offices as may be appropriate and to appoint board members or employees to those offices, and to determine the number of, and appoint, all officers and employees and to fix their compensation. The officers and employees shall hold their offices or positions at the pleasure of the boards of directors.

(i) To do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses' training school, or a child care facility for the benefit of employees of the health care facility or residents of the district.

(j) To establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district.

"Health care facilities," as used in this subdivision means those facilities defined in subdivision (b) of Section 32000.1 and specifically includes freestanding chemical dependency recovery units. "Health

facilities," as used in this subdivision, may also include those facilities defined in subdivision (d) of Section 15432 of the Government Code.

(k) To do any and all other acts and things necessary to carry out this division.

(*l*) To acquire, maintain, and operate ambulances or ambulance services within and without the district.

(m) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the district.

(n) To establish and operate in cooperation with its medical staff a coinsurance plan between the hospital district and the members of its attending medical staff.

(o) To establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the health care district.

(p) (1) To transfer, at fair market value, any part of its assets to one or more nonprofit corporations to operate and maintain the assets. A transfer pursuant to this paragraph shall be deemed to be at fair market value if an independent consultant, with expertise in methods of appraisal and valuation and in accordance with applicable governmental and industry standards for appraisal and valuation, determines that fair and reasonable consideration is to be received by the district for the transferred district assets. Before the district transfers, pursuant to this paragraph, 50 percent or more of the district's assets to one or more nonprofit corporations, in sum or by increment, the elected board shall, by resolution, submit to the voters of the district a measure proposing the transfer. The measure shall be placed on the ballot of a special election held upon the request of the district or the ballot of the next regularly scheduled election occurring at least 88 days after the resolution of the board. If a majority of the voters voting on the measure vote in its favor, the transfer shall be approved. The campaign disclosure requirements applicable to local measures provided under Chapter 4 (commencing with Section 84100) of Title 9 of the Government Code shall apply to this election.

(2) To transfer, for the benefit of the communities served by the district, in the absence of adequate consideration, any part of the assets of the district, including, without limitation, real property, equipment, and other fixed assets, current assets, and cash, relating to the operation of the district's health care facilities to one or more nonprofit corporations to operate and maintain the assets.

(A) A transfer of 50 percent or more of the district's assets, in sum or by increment, pursuant to this paragraph shall be deemed to be for the benefit of the communities served by the district only if all of the following occur:

(i) The transfer agreement and all arrangements necessary thereto are fully discussed in advance of the district board decision to transfer the assets of the district in at least five properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(ii) The transfer agreement provides that the hospital district shall approve all initial board members of the nonprofit corporation and any subsequent board members as may be specified in the transfer agreement.

(iii) The transfer agreement provides that all assets transferred to the nonprofit corporation, and all assets accumulated by the corporation during the term of the transfer agreement arising out of, or from, the operation of the transferred assets, are to be transferred back to the district upon termination of the transfer agreement, including any extension of the transfer agreement.

(iv) The transfer agreement commits the nonprofit corporation to operate and maintain the district's health care facilities and its assets for the benefit of the communities served by the district.

(v) The transfer agreement requires that any funds received from the district at the outset of the agreement or any time thereafter during the term of the agreement be used only to reduce district indebtedness, to acquire needed equipment for the district health care facilities, to operate, maintain, and make needed capital improvements to the district's health care facilities, to provide supplemental health care services or facilities for the communities served by the district, or to conduct other activities that would further a valid public purpose if undertaken directly by the district.

(B) A transfer of 10 percent or more but less than 50 percent of the district's assets, in sum or by increment, pursuant to this paragraph shall be deemed to be for the benefit of the communities served by the district only if both of the following occur:

(i) The transfer agreement and all arrangements necessary thereto are fully discussed in advance of the district board decision to transfer the assets of the district in at least two properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(ii) The transfer agreement meets all of the requirements of clauses (iii) to (v), inclusive, of subparagraph (A).

(C) Before the district transfers, pursuant to this paragraph, 50 percent or more of the district's assets to one or more nonprofit corporations, in sum or by increment, the elected board shall, by resolution, submit to the voters of the district a measure proposing the transfer. The measure shall be placed on the ballot of a special election held upon the request of the district or the ballot of the next regularly scheduled election occurring at least 88 days after the resolution of the board. If a majority of the voters voting on the measure vote in its favor, the transfer shall be approved. The campaign disclosure requirements applicable to local measures provided under Chapter 4 (commencing with Section 84100) of Title 9 of the Government Code shall apply to this election.

(D) Notwithstanding the other provisions of this paragraph, a hospital district shall not transfer any portion of its assets to a private nonprofit organization that is owned or controlled by a religious creed, church, or sectarian denomination in the absence of adequate consideration.

(3) If the district board has previously transferred less than 50 percent of the district's assets pursuant to this subdivision, before any additional assets are transferred, the board shall hold a public hearing and shall make a public determination that the additional assets to be transferred will not, in combination with any assets previously transferred, equal 50 percent or more of the total assets of the district.

(4) The amendments to this subdivision made during the 1991–92 Regular Session, and the amendments made to this subdivision and to Section 32126 made during the 1993–94 Regular Session, shall only apply to transfers made on or after the effective dates of the acts amending this subdivision. The amendments to this subdivision made during those sessions shall not apply to either of the following:

(A) A district that has discussed and adopted a board resolution prior to September 1, 1992, that authorizes the development of a business plan for an integrated delivery system.

(B) A lease agreement, transfer agreement, or both between a district and a nonprofit corporation that were in full force and effect as of September 1, 1992, for as long as that lease agreement, transfer agreement, or both remain in full force and effect.

(5) Notwithstanding paragraph (4), if substantial amendments are proposed to be made to a transfer agreement described in subparagraph (A) or (B) of paragraph (4), the amendments shall be fully discussed in advance of the district board's decision to adopt the amendments in at least two properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(6) Notwithstanding paragraphs (4) and (5), a transfer agreement described in subparagraph (A) or (B) of paragraph (4) that provided for the transfer of less than 50 percent of a district's assets shall be subject to the requirements of this subdivision when subsequent amendments to that transfer agreement would result in the transfer, in sum or by increment, of 50 percent or more of a district's assets to the nonprofit corporation.

(7) For purposes of this subdivision, a "transfer" means the transfer of ownership of the assets of a district. A lease of the real property or the tangible personal property of a district shall not be subject to this subdivision except as specified in Section 32121.4 and as required under Section 32126.

(8) Districts that request a special election pursuant to paragraph (1) or (2) shall reimburse counties for the costs of that special election as prescribed pursuant to Section 10520 of the Elections Code.

(9) (A) Nothing in this section, including subdivision (j), shall be construed to permit a local district to obtain or be issued a single consolidated license to operate a separate physical plant as a skilled nursing facility or an intermediate care facility that is not located within the boundaries of the district.

(B) Notwithstanding subparagraph (A), Eastern Plumas Health Care District may obtain and be issued a single consolidated license to operate a separate physical plant as a skilled nursing facility or an intermediate care facility that is located on the campus of the Sierra Valley District Hospital. This subparagraph shall have no application to any other district and is intended only to address the urgent need to preserve skilled nursing or intermediate care services within the rural County of Sierra.

(C) Subparagraph (B) shall only remain operative until the Sierra Valley District Hospital is annexed by the Eastern Plumas Health Care District or January 1, 2008, whichever occurs first. In no event shall the Eastern Plumas Health Care District increase the number of licensed beds at the Sierra Valley District Hospital during the operative period of subparagraph (B).

(10) A transfer of any of the assets of a district to one or more nonprofit corporations to operate and maintain the assets shall not be required to meet paragraphs (1) to (9), inclusive, of this subdivision if all of the following conditions apply at the time of the transfer:

(A) The district has entered into a loan that is insured by the State of California under Chapter 1 (commencing with Section 129000) of Part 6 of Division 107.

(B) The district is in default of its loan obligations, as determined by the Office of Statewide Health Planning and Development.

(C) The Office of Statewide Health Planning and Development and the district, in their best judgment, agree that the transfer of some or all of the assets of the district to a nonprofit corporation or corporations is necessary to cure the default, and will obviate the need for foreclosure. This cure of default provision shall be applicable prior to the office foreclosing on district hospital assets. After the office has foreclosed on district hospital assets, or otherwise taken possession in accordance with law, the office may exercise all of its powers to deal with and dispose of hospital property.

(D) The transfer and all arrangements necessary thereto are discussed in advance of the transfer in at least one properly noticed open and public meeting in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code). The meeting referred to in this paragraph shall be noticed and held within 90 days of notice in writing to the district by the office of an event of default. If the meeting is not held within this 90-day period, the district shall be deemed to have waived this requirement to have a meeting.

(11) If a transfer under paragraph (10) is a lease, the lease shall provide that the assets shall revert to the district at the conclusion of the leasehold interest. If the transfer is a sale, the proceeds shall be used first to retire the obligation insured by the office, then to retire any other debts of the district. After providing for debts, any remaining funds shall revert to the district.

(12) A health care district shall report to the Attorney General, within 30 days of any transfer of district assets to one or more nonprofit or for-profit corporations, the type of transaction and the entity to whom the assets were transferred or leased.

(q) To contract for bond insurance, letters of credit, remarketing services, and other forms of credit enhancement and liquidity support for its bonds, notes, and other indebtedness and to enter into reimbursement agreements, monitoring agreements, remarketing agreements, and similar ancillary contracts in connection therewith.

(r) To establish, maintain, operate, participate in, or manage capitated health care service plans, health maintenance organizations, preferred provider organizations, and other managed health care systems and programs properly licensed by the Department of Insurance or the Department of Managed Care, at any location within or without the district for the benefit of residents of communities served by the district. However, that activity shall not be deemed to result in, or constitute, the giving or lending of the district's credit, assets, surpluses, cash, or tangible goods to, or in aid of, any person, association, or corporation in violation of Section 6 of Article XVI of the California Constitution.

Nothing in this section shall be construed to authorize activities that corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

Any agreement to provide health care coverage that is a health care service plan, as defined in subdivision (f) of Section 1345, shall be subject to Chapter 2.2 (commencing with Section 1340) of Division 2, unless exempted pursuant to Section 1343 or 1349.2.

A district shall not provide health care coverage for any employee of an employer operating within the communities served by the district, unless the Legislature specifically authorizes, or has authorized in this section or elsewhere, the coverage.

Nothing in this section shall be construed to authorize any district to contribute its facilities to any joint venture that could result in transfer of the facilities from district ownership.

(s) To provide health care coverage to members of the district's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.

(t) This section shall become operative on January 1, 2011.

SEC. 4. Section 32126 of the Health and Safety Code, as added by Section 6 of Chapter 169 of the Statutes of 2000, is amended to read:

32126. (a) The board of directors may provide for the operation and maintenance through tenants of the whole or any part of any hospital acquired or constructed by it pursuant to this division, and for that purpose may enter into any lease agreement that it believes will best serve the interest of the district. A lease entered into with one or more corporations for the operation of 50 percent or more of the district's hospital, or that is part of, or contingent upon, a transfer of 50 percent or more of the district's assets, in sum or by increment, as described in subdivision (p) of Section 32121, shall be subject to the requirements of subdivision (p) of Section 32121. Any lease for the operation of any hospital shall require the tenant or lessee to conform to, and abide by, Section 32128. No lease for the operation of an entire hospital shall run for a term in excess of 30 years. No lease for the operation of less than an entire hospital shall run for a term in excess of 10 years.

(b) Notwithstanding any other provision of law, a sublease, an assignment of an existing lease, or the release of a tenant or lessee from obligations under an existing lease in connection with an assignment of an existing lease shall not be subject to the requirements of subdivision (p) of Section 32121 so long as all of the following conditions are met:

(1) The sublease or assignment of the existing lease otherwise remains in compliance with subdivision (a).

(2) The district board determines that the total consideration that the district shall receive following the assignment or sublease, or as a result

thereof, taking into account all monetary and other tangible and intangible consideration to be received by the district including, without limitation, all benefits to the communities served by the district, is no less than the total consideration that the district would have received under the existing lease.

(3) The existing lease was entered into on or before July 1, 1984, upon approval of the board of directors following solicitation and review of no less than five offers from prospective tenants.

(4) If substantial amendments are made to an existing lease in connection with the sublease or assignment of that existing lease, the amendments shall be fully discussed in advance of the district board's decision to adopt the amendments in at least two properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(c) A health care district shall report to the Attorney General, within 30 days of any lease of district assets to one or more corporations, the type of transaction and the entity to whom the assets were leased.

(d) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 5. Section 32126 is added to the Health and Safety Code, to read:

32126. (a) The board of directors may provide for the operation and maintenance through tenants of the whole or any part of any hospital acquired or constructed by it pursuant to this division, and for that purpose may enter into any lease agreement that it believes will best serve the interest of the district. A lease entered into with one or more nonprofit corporations for the operation of 50 percent or more of the district's hospital, or that is part of, or contingent upon, a transfer of 50 percent or more of the district's assets, in sum or by increment, as described in subdivision (p) of Section 32121, shall be subject to the requirements of subdivision (p) of Section 32121. Any lease for the operation of any hospital shall require the tenant or lessee to conform to, and abide by, Section 32128. No lease for the operation of an entire hospital shall run for a term in excess of 30 years. No lease for the operation of less than an entire hospital shall run for a term in excess of 10 years.

(b) Notwithstanding any other provision of law, a sublease, an assignment of an existing lease, or the release of a tenant or lessee from obligations under an existing lease in connection with an assignment of an existing lease shall not be subject to the requirements of subdivision (p) of Section 32121 so long as all of the following conditions are met:

(1) The sublease or assignment of the existing lease otherwise remains in compliance with subdivision (a).

(2) The district board determines that the total consideration that the district shall receive following the assignment or sublease, or as a result thereof, taking into account all monetary and other tangible and intangible consideration to be received by the district, including, without limitation, all benefits to the communities served by the district, is no less than the total consideration that the district would have received under the existing lease.

(3) The existing lease was entered into on or before July 1, 1984, upon approval of the board of directors following solicitation and review of no less than five offers from prospective tenants.

(4) If substantial amendments are made to an existing lease in connection with the sublease or assignment of that existing lease, the amendments shall be fully discussed in advance of the district board's decision to adopt the amendments in at least two properly noticed open and public meetings in compliance with Section 32106 and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(c) A health care district shall report to the Attorney General within 30 days of any lease of district assets to one or more nonprofit corporations, the type of transaction and the entity to whom the assets were leased.

(d) This section shall become operative on January 1, 2011.

CHAPTER 195

An act to add Section 32126.3 to the Health and Safety Code, relating to health care districts.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 32126.3 is added to the Health and Safety Code, to read:

32126.3. Notwithstanding any provision of law to the contrary, the lease in existence immediately preceding January 1, 2006, between the Grossmont Healthcare District and the Grossmont Hospital Corporation that was entered into on May 29, 1991, may be renegotiated or extended for up to an additional 30-year term. The renegotiations or extension

shall be presented to, and approved by a majority of, the voters of the district.

SEC. 2. Due to the unique circumstances concerning the Grossmont Healthcare District, it is necessary that authority be given for extension of the lease agreement, 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.

CHAPTER 196

An act to amend Sections 22105, 22109, and 22153 of, and to repeal and add Section 22102 of, the Financial Code, relating to finance lenders.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 22102 of the Financial Code is repealed.

SEC. 2. Section 22102 is added to the Financial Code, to read:

22102. (a) A licensee seeking to engage in business at a new location shall submit an application to the commissioner by certified mail, return receipt requested, at least 10 days before engaging in business at a new location and pay the fee required by Section 22103.

(b) The commissioner, by regulation, shall adopt a form for the application required by this section. The application shall contain the following information:

(1) The address of the new location.

(2) Information on the person responsible for the lending activity at the new location.

(3) Any additional information required by the commissioner.

(c) The licensee may engage in business at the new location 10 days after the date of mailing the application to engage in business at that location.

(d) (1) The commissioner shall approve or deny the person responsible for the lending activity at the new location in accordance with Section 22109, and shall notify the licensee of this decision within 90 days of the date of receipt of the application.

(2) If the commissioner denies the application, the licensee shall, within 10 days of the date of receipt of notification of the commissioner's denial, submit a new application to the commissioner designating a different person responsible for the lending activity at the new location.

The commissioner shall approve or deny the different person as provided in paragraph (1).

(e) A licensee shall not engage in business at a new location in a name other than a name approved by the commissioner.

(f) The commissioner may adopt regulations to implement the requirements of this section.

(g) A license to engage in business at a new location shall be issued in accordance with this section. A change of street address of a place of business designated in a license shall be made in accordance with Section 22153 and shall not constitute a new location subject to the requirements of this section.

SEC. 3. Section 22105 of the Financial Code is amended to read:

22105. Upon the filing of an application pursuant to Section 22101 and the payment of the fees, the commissioner shall investigate the applicant and its general partners and persons owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or any person responsible for the conduct of the applicant's lending activities in this state, if the applicant is a partnership. If the applicant is a corporation, trust, or association, including an unincorporated organization, the commissioner shall investigate its principal officers, directors, and persons owning or controlling, directly or indirectly, 10 percent or more of the outstanding equity securities or any person responsible for the conduct of the applicant's lending activities in this state. Upon the filing of an application pursuant to Section 22102 and the payment of the fees, the commissioner shall investigate the person responsible for the lending activity of the licensee at the new location described in the application. The investigation may be limited to information that was not included in prior applications filed pursuant to this division. If the commissioner determines that the applicant has satisfied this division and does not find facts constituting reasons for denial under Section 22109, the commissioner shall issue and deliver a license to the applicant.

For the purposes of this section, "principal officers" shall mean president, chief executive officer, treasurer, and chief financial officer, as may be applicable, and any other officer with direct responsibility for the conduct of the applicant's lending activities within the state.

SEC. 4. Section 22109 of the Financial Code is amended to read:

22109. (a) Upon reasonable notice and opportunity to be heard, the commissioner may deny the application for any of the following reasons:

(1) A false statement of a material fact has been made in the application.

(2) An officer, director, general partner, person responsible for the applicant's lending activities in this state, or person owning or controlling,

directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant has, within the last 10 years, been convicted of or pleaded nolo contendere to a crime, or committed an act involving dishonesty, fraud, or deceit, if the crime or act is substantially related to the qualifications, functions, or duties of a person engaged in business in accordance with this division.

(3) The applicant or an officer, director, general partner, person responsible for the applicant's lending activities in this state, or person owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant has violated any provision of this division or the rules thereunder or any similar regulatory scheme of the State of California or a foreign jurisdiction.

(b) The application shall be considered withdrawn within the meaning of this section if the applicant fails to respond to a written notification of a deficiency in the application within 90 days of the date of the notification.

(c) The commissioner shall, within 60 days from the filing of a full and complete application for a license with the fees, either issue a license or file a statement of issues prepared in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 5. Section 22153 of the Financial Code is amended to read:

22153. (a) If a licensee desires to change its place of business to a street address other than that designated in its license, the licensee shall give written notice to the commissioner on a form provided by the commissioner at least 10 days prior to the change. The commissioner shall then provide a written approval of the change and the date of the approval.

(b) If notice is not given at least 10 days prior to the change of a street address of a place of business, as required by subdivision (a), or notice is not given at least 10 days prior to engaging in business at a new location, as required by Section 22102, the commissioner may assess a civil or administrative penalty on the licensee not to exceed five hundred dollars ($500).

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

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

CHAPTER 197

An act to amend Sections 50825 and 50826 of, and to amend, repeal, and add Sections 50832 and 50833 of, the Health and Safety Code, relating to community development.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 50825 of the Health and Safety Code is amended to read:

50825. It is the intent of the Legislature in enacting this chapter to ensure that funds allocated to the state pursuant to the federal State Community Development Block Grant Program (42 U.S.C. 5306(d)), and administered by the department, be of maximum benefit in meeting the housing and economic development needs of persons and families of low or moderate income. The Legislature intends that these funds be provided to eligible cities and counties that encourage new housing developments and economic development and which need the funds to support those developments. It is the intent of the Legislature to reaffirm established state policy that each eligible city or county contribute to meeting the statewide housing goals, or contribute to meeting the state's urgent need to halt the flow of jobs out of California by working to retain and expand existing businesses and attract new businesses that provide jobs to low- and moderate-income persons and families, or do both, and that funds allocated pursuant to this chapter be distributed accordingly.

SEC. 2. Section 50826 of the Health and Safety Code is amended to read:

50826. As used in this chapter:

(a) "Eligible city or county" means an area which is not a metropolitan city or part of an urban county, as defined by paragraphs (4) and (6), respectively, of subsection (a) of Section 5302 of Title 42 of the United States Code.

(b) "NOFA" means notice of funding availability, a public announcement that an estimated amount of funding will be awarded by a department program according to specified criteria and schedules.

(c) "Persons and families of low or moderate income" means persons and families whose income does not exceed 80 percent of the area median income, adjusted for family size, as determined pursuant to regulations adopted by the department.

(d) "Program" means the State Community Development Block Grant Program created pursuant to federal law (42 U.S.C. 5301, et seq.).

SEC. 3. Section 50832 of the Health and Safety Code is amended to read:

50832. (a) In order to ensure that a city or county may apply for both economic development and general program grants pursuant to this chapter in the same year, each applicant shall have a maximum grant request limitation as determined by the department and announced in the applicable NOFA, excluding general allocation planning and technical assistance grants and economic development allocation planning and technical assistance grants made available under Section 50833, of which a maximum amount as determined by the department and announced in the applicable NOFA, per year may be used for either general program or economic development applications. These limitations may be waived for the economic development allocation based upon available economic development funds after September 1 of each year. The department shall aggressively inform eligible cities and counties of the eligibility criteria and requirements under this section and in Section 50833.

(b) Except for applications specified in Section 50832.1, applications for all activities or set-asides under this section and Section 50833 shall be evaluated on a first-in, first-served basis.

(c) For all economic development applications under this section or Section 50833, including economic development assistance grants, the department shall develop project standards and rating factors which meet the minimum requirements of federal statutes, including a jobs-for-dollars test of thirty-five thousand dollars ($35,000) per job created or retained. In addition to the low- and moderate-income persons or families criteria established in subdivision (b) of Section 50826 and Sections 50827 and 50828, the department shall also utilize as criteria for the economic development allocation the federal standards of "blight" and "urgent need" under this section, Section 50832.1, and Section 50833.

(d) A jurisdiction may submit multiyear proposals for a period not exceeding three years in duration.

(e) Notwithstanding Section 7550.5 of the Government Code, by December 31, 2007, the department shall submit to the Legislature a report that indicates the number, amounts, and types of grants provided under this section.

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

SEC. 4. Section 50832 is added to the Health and Safety Code, to read:

50832. (a) In order to ensure that a city or county may apply for both economic development and general program grants pursuant to this chapter in the same year, each applicant shall have a maximum grant request limitation of eight hundred thousand dollars ($800,000) per year, excluding general allocation planning and technical assistance grants and economic development allocation planning and technical assistance grants made available under Section 50833, of which a maximum of five hundred thousand dollars ($500,000) per year may be used for either housing or economic development applications. These limitations may be waived for the economic development allocation based upon available economic development funds after September 1 of each year. The department shall aggressively inform eligible cities and counties of the eligibility criteria and requirements under this section and in Section 50833.

(b) Except for applications specified in Section 50832.1, applications for all activities or set-asides under this section and Section 50833 shall be evaluated on a first-in, first-served basis.

(c) For all economic development applications under this section or Section 50833, including economic development assistance grants, the department shall develop project standards and rating factors which meet the minimum requirements of federal statutes, including a jobs-for-dollars test of thirty-five thousand dollars ($35,000) per job created or retained. In addition to the low- and moderate-income persons or families criteria established in subdivision (b) of Section 50826 and Sections 50827 and 50828, the department shall also utilize as criteria for the economic development allocation the federal standards of "blight" and "urgent need" under this section, Section 50832.1, and Section 50833.

(d) A jurisdiction may submit multiyear proposals for a period not exceeding three years in duration.

(e) This section shall become operative January 1, 2009.

SEC. 5. Section 50833 of the Health and Safety Code is amended to read:

50833. (a) The department shall determine and announce in the applicable NOFA the percentage of the total amount of the State Block Grant Program funds set aside for economic development that shall be allocated to make economic development planning and technical assistance grants to eligible small cities or counties for business attraction, retention, and expansion programs for the development of local economic

development strategies, predevelopment grant feasibility studies, and downtown revitalization programs. Eligible small cities or counties may contract with public agencies or nonprofit economic development corporations and other eligible subgrantees or for profit corporations or entities to provide these services. Each applicant shall be required to provide a cash match of up to 25 percent of the total amount requested. A technical assistance grant received under this set-aside is in addition to the city or county ceiling, under Section 50832, or its ability to apply under the economic development or general program set-asides. The department shall determine and announce in the applicable NOFA the maximum per year grant amount. Each applicant shall not receive more than two grants per year and shall be eligible to apply each year, although no applicant shall receive grants in excess of the maximum amount determined by the department and announced in the applicable NOFA in any one year. Funds not applied for or allocated under this section may be used for other economic development purposes under Sections 50832 and 50832.1.

(b) The department shall determine and announce in the applicable NOFA the percentage of the total amount of the State Block Grant Program funds not used for economic development that shall be set aside to make technical assistance grants to eligible small cities or counties for purposes including, but not limited to: inventory of housing needing rehabilitation in the district, income surveys of area residents, and any general studies of housing needs in the district. Each applicant shall be required to provide a cash match of up to 25 percent of the total amount requested. A technical assistance grant received under this set-aside is in addition to the city or county ceiling or its ability to apply under the economic development or general program set-asides. Unexpended funds allocated under this section shall revert to the general program, but not to the economic development set-aside. The department shall determine and announce in the applicable NOFA the maximum grant amount per application. Each applicant shall not receive more than two grants per year and shall be eligible to apply each year, although no applicant shall receive grants in excess of the maximum amount determined by the department and announced in the applicable NOFA in any one year.

(c) If, under federal law, the economic development planning and technical assistance grants and the general allocation planning and assistance grants are considered to be administrative expenditures, the department may reduce the percentages of the set-asides by up to the amount necessary to remain within the allowable limits for administrative expenditures.

(d) Two or more jurisdictions may pool their funds and make a joint application for the same project.

(e) General administrative activity planning studies shall not be counted against allocations under this section.

(f) Notwithstanding Section 7550.5 of the Government Code, by December 31, 2007, the department shall submit to the Legislature a report that indicates the number, amounts, and types of grants provided under this section.

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

SEC. 6. Section 50833 is added to the Health and Safety Code, to read:

50833. (a) Ten percent of the total amount of the State Block Grant Program funds set aside for economic development shall be allocated to make economic development planning and technical assistance grants to eligible small cities or counties for business attraction, retention, and expansion programs for the development of local economic development strategies, predevelopment grant feasibility studies, and downtown revitalization programs. Eligible small cities or counties may contract with public agencies or nonprofit economic development corporations and other eligible subgrantees or for profit corporations or entities to provide these services. Each applicant shall be required to provide a cash match of up to 25 percent of the total amount requested. A technical assistance grant received under this 10-percent set-aside is in addition to the city or county ceiling, under Section 50832, or its ability to apply under the economic development or general program set-asides. The maximum grants per year shall be thirty-five thousand dollars ($35,000) per project. Each applicant shall not receive more than two grants per year and shall be eligible to apply each year, although no applicant shall receive grants in excess of thirty-five thousand dollars ($35,000) in any one year. Funds not applied for or allocated under this section may be used for other economic development purposes under Sections 50832 and 50832.1.

(b) Ten percent of the total amount of the State Block Grant Program funds not used for economic development shall be set aside to make technical assistance grants to eligible small cities or counties for purposes including, but not limited to: inventory of housing needing rehabilitation in the district, income surveys of area residents, and any general studies of housing needs in the district. Each applicant shall be required to provide a cash match of up to 25 percent of the total amount requested. A technical assistance grant received under this 10-percent set-aside is in addition to the city or county ceiling or its ability to apply under the economic development or general program set-asides. Unexpended funds allocated under this section shall revert to the general program, but not

to the economic development set-aside. The maximum grant per application shall be thirty-five thousand dollars ($35,000) per project. Each applicant shall not receive more than two grants per year and shall be eligible to apply each year, although no applicant shall receive grants in excess of thirty-five thousand dollars ($35,000) in any one year.

(c) If, under federal law, the 10-percent economic assistance grants and the 10-percent general program assistance grants are considered to be administrative expenditures, the department may reduce the percentages of the set-asides by up to the amount necessary to remain within the allowable limits for administrative expenditures.

(d) Two or more jurisdictions may pool their funds and make a joint application for the same project.

(e) General administrative activity planning studies shall not be counted against allocations under this section.

(f) This section shall become operative January 1, 2009.

CHAPTER 198

An act to amend Section 17552 of the Family Code, relating to child support.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 17552 of the Family Code is amended to read:

17552. (a) The State Department of Social Services, in consultation with the Department of Child Support Services, shall promulgate regulations by which the county child welfare department, in any case of separation or desertion of a parent or parents from a child that results in foster care assistance payments under Section 11400 of, or CalWORKs payments to a caretaker relative of a child who comes within the jurisdiction of the juvenile court under Section 300 of the Welfare and Institutions Code, who has been removed from the parental home and placed with the caretaker relative by court order, and who is under the supervision of the county child welfare agency under Section 11250 of, or Kin-GAP payments under Section 11363 of, or aid under subdivision (c) of Section 10101 of, the Welfare and Institutions Code, shall determine whether it is in the best interests of the child to have the case referred to the local child support agency for child support services. If reunification services are not offered or are terminated, the case may be

referred to the local child support agency. In making the determination, the department regulations shall provide the factors the county child welfare department shall consider, including:

(1) Whether the payment of support by the parent will pose a barrier to the proposed reunification, in that the payment of support will compromise the parent's ability to meet the requirements of the parent's reunification plan.

(2) Whether the payment of support by the parent will pose a barrier to the proposed reunification in that the payment of support will compromise the parent's current or future ability to meet the financial needs of the child.

(b) The department regulations shall provide that, where the county child welfare department determines that it is not in the best interests of the child to seek a support order against the parent, the county child welfare department shall refrain from referring the case to the local child support agency. The regulations shall define those circumstances in which it is not in the best interest of the child to refer the case to the local child support agency.

(c) The department regulations shall provide, where the county child welfare department determines that it is not in the child's best interest to have his or her case referred to the local child support agency, the county child welfare department shall review that determination annually to coincide with the redetermination of AFDC-FC eligibility under Section 11401.5 of, or the CalWORKs eligibility under Section 11265 of, the Welfare and Institutions Code, and shall refer the child's case to the local child support agency upon a determination that, due to a change in the child's circumstances, it is no longer contrary to the child's best interests to have his or her case referred to the local child support agency.

(d) The State Department of Social Services shall promulgate all necessary regulations pursuant to this section on or before October 1, 2002.

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

CHAPTER 199

An act to amend Sections 12804.9 and 15275.1 of, and to repeal and amend Section 12517 of, the Vehicle Code, relating to vehicles.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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

SECTION 1. Section 12517 of the Vehicle Code, as amended by Section 8 of Chapter 440 of the Statutes of 1996, is repealed.

SEC. 2. Section 12517 of the Vehicle Code, as amended by Section 4 of Chapter 952 of the Statutes of 2004, is amended to read:

12517. (a) (1) A person may not operate a schoolbus unless that person has in his or her immediate possession a valid driver's license for the appropriate class of vehicle to be driven endorsed for schoolbus and passenger transportation.

(2) When transporting one or more pupils at or below the 12th-grade level to or from a public or private school or to or from public or private school activities, the person described in paragraph (1) shall have in his or her immediate possession a certificate issued by the department to permit the operation of a schoolbus.

(3) The department shall issue a schoolbus endorsement that allows the operation of a schoolbus, without having to possess the certificate described in paragraph (2), when there is no pupil being transported, to the following persons:

(A) A schoolbus mechanic.

(B) A schoolbus driver-trainee.

(b) A person may not operate a school pupil activity bus unless that person has in his or her immediate possession a valid driver's license for the appropriate class of vehicle to be driven endorsed for passenger transportation. When transporting one or more pupils at or below the 12th-grade level to or from public or private school activities, the person shall also have in his or her immediate possession a certificate issued by the department to permit the operation of school pupil activity buses.

(c) The applicant for a certificate to operate a schoolbus or school pupil activity bus shall meet the eligibility and training requirements specified for schoolbus and school pupil activity busdrivers in this code, the Education Code, and regulations adopted by the Department of the California Highway Patrol, and, in addition to the fee authorized in Section 2427, shall pay a fee of twenty-five dollars ($25) with the application for issuance of an original certificate, and a fee of twelve dollars ($12) for the renewal of that certificate.

(d) A person holding a valid certificate to permit the operation of a schoolbus or school pupil activity bus, issued prior to January 1, 1991, is not required to reapply for a certificate to satisfy any additional

requirements imposed by Chapter 1360 of the Statutes of 1990 until the certificate he or she holds expires or is canceled or revoked.

SEC. 3. Section 12804.9 of the Vehicle Code, as added by Chapter 952 of the Statutes of 2004, is amended to read:

12804.9. (a) (1) The examination shall include all of the following:

(A) A test of the applicant's knowledge and understanding of the provisions of this code governing the operation of vehicles upon the highways.

(B) A test of the applicant's ability to read and understand simple English used in highway traffic and directional signs.

(C) A test of the applicant's understanding of traffic signs and signals, including the bikeway signs, markers, and traffic control devices established by the Department of Transportation.

(D) An actual demonstration of the applicant's ability to exercise ordinary and reasonable control in operating a motor vehicle by driving it under the supervision of an examining officer. The applicant shall submit to an examination appropriate to the type of motor vehicle or combination of vehicles he or she desires a license to drive, except that the department may waive the driving test part of the examination for any applicant who submits a license issued by another state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico if the department verifies through any acknowledged national driver record data source that there are no stops, holds, or other impediments to its issuance. The examining officer may request to see evidence of financial responsibility for the vehicle prior to supervising the demonstration of the applicant's ability to operate the vehicle. The examining officer may refuse to examine an applicant who is unable to provide proof of financial responsibility for the vehicle, unless proof of financial responsibility is not required by this code.

(E) A test of the hearing and eyesight of the applicant, and of other matters that may be necessary to determine the applicant's mental and physical fitness to operate a motor vehicle upon the highways, and whether any grounds exist for refusal of a license under this code.

(2) The examination for a class A or class B driver's license under subdivision (b) shall also include a report of a medical examination of the applicant given not more than two years prior to the date of the application by a health care professional. As used in this subdivision, "health care professional" means a person who is licensed, certified, or registered in accordance with applicable state laws and regulations to practice medicine and perform physical examinations in the United States of America. Health care professionals are doctors of medicine, doctors of osteopathy, physician assistants, and registered advanced practice nurses, or doctors of chiropractic who are clinically competent to perform

the medical examination presently required of motor carrier drivers by the Federal Highway Administration. The report shall be on a form approved by the department, the Federal Highway Administration, or the Federal Aviation Administration. In establishing the requirements, consideration may be given to the standards presently required of motor carrier drivers by the Federal Highway Administration.

(3) Any physical defect of the applicant, that, in the opinion of the department, is compensated for to ensure safe driving ability, shall not prevent the issuance of a license to the applicant.

(b) In accordance with the following classifications, any applicant for a driver's license shall be required to submit to an examination appropriate to the type of motor vehicle or combination of vehicles the applicant desires a license to drive:

(1) Class A includes the following:

(A) A combination of vehicles, if any vehicle being towed has a gross vehicle weight rating of more than 10,000 pounds.

(B) A vehicle towing more than one vehicle.

(C) A trailer bus.

(D) The operation of all vehicles under class B and class C.

(2) Class B includes the following:

(A) A single vehicle with a gross vehicle weight rating of more than 26,000 pounds.

(B) A single vehicle with three or more axles, except any three-axle vehicle weighing less than 6,000 pounds.

(C) A bus except a trailer bus.

(D) A farm labor vehicle.

(E) A single vehicle with three or more axles or a gross vehicle weight rating of more than 26,000 pounds towing another vehicle with a gross vehicle weight rating of 10,000 pounds or less.

(F) A house car over 40 feet in length, excluding safety devices and safety bumpers.

(G) The operation of all vehicles covered under class C.

(3) Class C includes the following:

(A) A two-axle vehicle with a gross vehicle weight rating of 26,000 pounds or less, including when the vehicle is towing a trailer or semitrailer with a gross vehicle weight rating of 10,000 pounds or less.

(B) Notwithstanding subparagraph (A), a two-axle vehicle weighing 4,000 pounds or more unladen when towing a trailer coach not exceeding 9,000 pounds gross.

(C) A house car of 40 feet in length or less.

(D) A three-axle vehicle weighing 6,000 pounds gross or less.

(E) A house car of 40 feet in length or less or vehicle towing another vehicle with a gross vehicle weight rating of 10,000 pounds or less,

including when a tow dolly is used. A person driving a vehicle may not tow another vehicle in violation of Section 21715.

(F) (i) A two-axle vehicle weighing 4,000 pounds or more unladen when towing either a trailer coach or a fifth-wheel travel trailer not exceeding 10,000 pounds gross vehicle weight rating, when the towing of the trailer is not for compensation.

(ii) A two-axle vehicle weighing 4,000 pounds or more unladen when towing a fifth-wheel travel trailer exceeding 10,000 pounds, but not exceeding 15,000 pounds, gross vehicle weight rating, when the towing of the trailer is not for compensation, and if the person has passed a specialized written examination provided by the department relating to the knowledge of this code and other safety aspects governing the towing of recreational vehicles upon the highway.

The authority to operate combinations of vehicles under this subparagraph may be granted by endorsement on a class C license upon completion of that written examination.

(G) A vehicle or combination of vehicles with a gross combination weight rating or a gross vehicle weight rating, as those terms are defined in subdivisions (j) and (k), respectively, of Section 15210, of 26,000 pounds or less, if all of the following conditions are met:

(i) Is operated by a farmer, an employee of a farmer, or an instructor credentialed in agriculture as part of an instructional program in agriculture at the high school, community college, or university level.

(ii) Is used exclusively in the conduct of agricultural operations.

(iii) Is not used in the capacity of a for-hire carrier or for compensation.

(H) A motorized scooter.

(I) Class C does not include a two-wheel motorcycle or a two-wheel motor-driven cycle.

(4) Class M1. A two-wheel motorcycle or a motor-driven cycle. Authority to operate a vehicle included in a class M1 license may be granted by endorsement on a class A, B, or C license upon completion of an appropriate examination.

(5) (A) Class M2 includes the following:

(i) A motorized bicycle or moped, or a bicycle with an attached motor, except a motorized bicycle described in subdivision (b) of Section 406.

(ii) A motorized scooter.

(B) Authority to operate vehicles included in class M2 may be granted by endorsement on a class A, B, or C license upon completion of an appropriate examination, except that no endorsement is required for a motorized scooter. Persons holding a class M1 license or endorsement may operate vehicles included in class M2 without further examination.

(c) A driver's license or driver certificate is not valid for operating a commercial motor vehicle, as defined in subdivision (b) of Section 15210, any other motor vehicle defined in paragraph (1) or (2) of subdivision (b), or any other vehicle requiring a driver to hold any driver certificate or any driver's license endorsement under Section 15275, unless a medical certificate approved by the department, the Federal Highway Administration, or the Federal Aviation Administration, that has been issued within two years of the date of the operation of that vehicle, is within the licensee's immediate possession, and a copy of the medical examination report from which the certificate was issued is on file with the department. Otherwise, the license is valid only for operating class C vehicles that are not commercial vehicles, as defined in subdivision (b) of Section 15210, and for operating class M1 or M2 vehicles, if so endorsed, that are not commercial vehicles, as defined in subdivision (b) of Section 15210.

(d) A license or driver certificate issued prior to the enactment of Chapter 7 (commencing with Section 15200) is valid to operate the class or type of vehicles specified under the law in existence prior to that enactment until the license or certificate expires or is otherwise suspended, revoked, or canceled.

(e) The department may accept a certificate of driving skill that is issued by an employer, authorized by the department to issue a certificate under Section 15250, of the applicant, in lieu of a driving test, on class A or B applications, if the applicant has first qualified for a class C license and has met the other examination requirements for the license for which he or she is applying. The certificate may be submitted as evidence of the applicant's skill in the operation of the types of equipment covered by the license for which he or she is applying.

(f) The department may accept a certificate of competence in lieu of a driving test on class M1 or M2 applications, when the certificate is issued by a law enforcement agency for its officers who operate class M1 or M2 vehicles in their duties, if the applicant has met the other examination requirements for the license for which he or she is applying.

(g) The department may accept a certificate of satisfactory completion of a novice motorcyclist training program approved by the commissioner pursuant to Section 2932 in lieu of a driving test on class M1 or M2 applications, if the applicant has met the other examination requirements for the license for which he or she is applying. The department shall review and approve the written and driving test used by a program to determine whether the program may issue a certificate of completion.

(h) Notwithstanding subdivision (b), a person holding a valid California driver's license of any class may operate a short-term rental motorized bicycle without taking any special examination for the

operation of a motorized bicycle, and without having a class M2 endorsement on that license. As used in this subdivision, "short-term" means 48 hours or less.

(i) A person under the age of 21 years may not be issued a class M1 or M2 license or endorsement unless he or she provides evidence satisfactory to the department of completion of a motorcycle safety training program that is operated pursuant to Article 2 (commencing with Section 2930) of Chapter 5 of Division 2.

(j) A driver of a vanpool vehicle may operate with class C licenses but shall possess evidence of a medical examination required for a class B license when operating vanpool vehicles. In order to be eligible to drive the vanpool vehicle, the driver shall keep in the vanpool vehicle a statement, signed under penalty of perjury, that he or she has not been convicted of reckless driving, drunk driving, or a hit-and-run offense in the last five years.

(k) A class M license issued between January 1, 1989, and December 31, 1992, shall permit the holder to operate any motorcycle, motor-driven cycle, or motorized bicycle until the expiration of the license.

SEC. 4. Section 15275.1 of the Vehicle Code is amended to read:

15275.1. (a) Except as provided in subdivision (b), a schoolbus endorsement is valid only when the operator possesses or qualifies for a valid commercial driver's license with a passenger endorsement and possesses a schoolbus driver's certificate issued pursuant to Section 12517.

(b) A schoolbus endorsement is valid without a schoolbus driver's certificate for an operator who is employed as a mechanic or a schoolbus driver-trainee if the schoolbus endorsement is restricted to operating a schoolbus when there is no pupil being transported.

CHAPTER 200

An act to amend Sections 82048.7, 84203, 84204, 87205, and 87500 of, and to repeal Sections 84200.3 and 84200.4 of, the Government Code, relating to the Political Reform Act of 1974.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 82048.7 of the Government Code is amended to read:

82048.7. (a) "Sponsored committee" means a committee, other than a candidate controlled committee, which has one or more sponsors. Any person, except a candidate or other individual, may sponsor a committee.

(b) A person sponsors a committee if any of the following apply:

(1) The committee receives 80 percent or more of its contributions from the person or its members, officers, employees, or shareholders.

(2) The person collects contributions for the committee by use of payroll deductions or dues from its members, officers, or employees.

(3) The person, alone or in combination with other organizations, provides all or nearly all of the administrative services for the committee.

(4) The person, alone or in combination with other organizations, sets the policies for soliciting contributions or making expenditures of committee funds.

SEC. 2. Section 84200.3 of the Government Code is repealed.

SEC. 3. Section 84200.4 of the Government Code is repealed.

SEC. 4. Section 84203 of the Government Code is amended to read:

84203. (a) Each candidate or committee that makes or receives a late contribution, as defined in Section 82036, shall report the late contribution to each office with which the candidate or committee is required to file its next campaign statement pursuant to Section 84215. The candidate or committee that makes the late contribution shall report his or her full name and street address and the full name and street address of the person to whom the late contribution has been made, the office sought if the recipient is a candidate, or the ballot measure number or letter if the recipient is a committee primarily formed to support or oppose a ballot measure, and the date and amount of the late contribution. The recipient of the late contribution shall report his or her full name and street address, the date and amount of the late contribution, and whether the contribution was made in the form of a loan. The recipient shall also report the full name of the contributor, his or her street address, occupation, and the name of his or her employer, or if self-employed, the name of the business.

(b) A late contribution shall be reported by facsimile transmission, guaranteed overnight delivery, or personal delivery within 24 hours of the time it is made in the case of the candidate or committee that makes the contribution and within 24 hours of the time it is received in the case of the recipient. A late contribution shall be reported on subsequent campaign statements without regard to reports filed pursuant to this section.

(c) A late contribution need not be reported nor shall it be deemed accepted if it is not cashed, negotiated, or deposited and is returned to the contributor within 24 hours of its receipt.

(d) A report filed pursuant to this section shall be in addition to any other campaign statement required to be filed by this chapter.

(e) The report required pursuant to this section is not required to be filed by a candidate or committee that has disclosed the late contribution pursuant to subdivision (a) or (b) of Section 85309.

SEC. 5. Section 84204 of the Government Code is amended to read:

84204. (a) A committee that makes a late independent expenditure, as defined in Section 82036.5, shall report the late independent expenditure by facsimile transmission, guaranteed overnight delivery, or personal delivery within 24 hours of the time it is made. A late independent expenditure shall be reported on subsequent campaign statements without regard to reports filed pursuant to this section.

(b) A committee that makes a late independent expenditure shall report its full name and street address, as well as the name, office, and district of the candidate if the report is related to a candidate, or if the report is related to a measure, the number or letter of the measure, the jurisdiction in which the measure is to be voted upon, and the amount and the date, as well as a description of goods or services for which the late independent expenditure was made. In addition to the information required by this subdivision, a committee that makes a late independent expenditure shall include with its late independent expenditure report the information required by paragraphs (1) to (5), inclusive, of subdivision (f) of Section 84211, covering the period from the day after the closing date of the last campaign report filed to the date of the late independent expenditure, or if the committee has not previously filed a campaign statement, covering the period from the previous January 1 to the date of the late independent expenditure. No information required by paragraphs (1) to (5), inclusive, of subdivision (f) of Section 84211, that is required to be reported with a late independent expenditure report by this subdivision, is required to be reported on more than one late independent expenditure report.

(c) A committee that makes a late independent expenditure shall file a late independent expenditure report in the places where it would be required to file campaign statements under this article as if it were formed or existing primarily to support or oppose the candidate or measure for or against which it is making the late independent expenditure.

(d) A report filed pursuant to this section shall be in addition to any other campaign statement required to be filed by this article.

(e) Expenditures that have been disclosed by candidates and committees pursuant to Section 85500 are not required to be disclosed pursuant to this section.

SEC. 6. Section 87205 of the Government Code is amended to read:

87205. A person who completes a term of an office specified in Section 87200 and within 45 days begins a term of the same office or another such office of the same jurisdiction is deemed not to assume office or leave office.

SEC. 7. Section 87500 of the Government Code is amended to read:

87500. Statements of economic interests required by this chapter shall be filed as follows:

(a) Statewide elected officer–one original with the agency which shall make and retain a copy and forward a copy to the Secretary of State and the original to the commission, which shall retain the original and send one copy to the Registrar-Recorder of Los Angeles County and one copy to the Clerk of the City and County of San Francisco. The commission shall be the filing officer.

(b) Candidates for statewide elective office–one original and one copy with the person with whom the candidate's declaration of candidacy is filed, who shall forward the copy to the Secretary of State and the original to the commission which shall retain the original and send one copy to the Registrar-Recorder of Los Angeles County and one copy to the Clerk of the City and County of San Francisco. The commission shall be the filing officer.

(c) Members of the Legislature and Board of Equalization–one original with the agency which shall make and retain a copy and forward a copy to the Secretary of State and the original to the commission, which shall retain the original and send one copy to the clerk of the county which contains the largest percentage of registered voters in the election district which the officeholder represents, and one copy to the clerk of the county in which the officeholder resides. No more than one copy of each statement need be filed with the clerk of any one county. The commission shall be the filing officer.

(d) Candidates for the Legislature or the Board of Equalization–one original and one copy with the person with whom the candidate's declaration of candidacy is filed, who shall forward the copy to the Secretary of State and the original to the commission which shall retain the original and send one copy to the clerk of the county which contains the largest percentage of registered voters in the election district in which the candidate seeks nomination or election, and one copy to the clerk of the county in which the candidate resides. No more than one copy of each statement need be filed with the clerk of any one county. The commission shall be the filing officer.

(e) Persons holding the office of chief administrative officer and candidates for and persons holding the office of district attorney, county counsel, county treasurer, and member of the board of supervisors–one

original with the county clerk who shall make and retain a copy and forward the original to the commission which shall be the filing officer.

(f) Persons holding the office of city manager or, if there is no city manager, the chief administrative officer, and candidates for and persons holding the office of city council member, city treasurer, city attorney, and mayor–one original with the city clerk who shall make and retain a copy and forward the original to the commission which shall be the filing officer.

(g) Members of the Public Utilities Commission, members of the State Energy Resources Conservation and Development Commission, planning commissioners, and members of the California Coastal Commission–one original with the agency which shall make and retain a copy and forward the original to the commission which shall be the filing officer.

(h) Members of the Fair Political Practices Commission–one original with the commission which shall make and retain a copy and forward the original to the office of the Attorney General which shall be the filing officer.

(i) Judges and court commissioners–one original with the clerk of the court who shall make and retain a copy and forward the original to the commission which shall be the filing officer. Original statements of candidates for the office of judge shall be filed with the person with whom the candidate's declaration of candidacy is filed, who shall retain a copy and forward the original to the commission, which shall be the filing officer.

(j) Except as provided for in subdivision (k), heads of agencies, members of boards or commissions not under a department of state government or members of boards or commissions not under the jurisdiction of a local legislative body–one original with the agency, which shall make and retain a copy and forward the original to the code reviewing body which shall be the filing officer. In its discretion, the code reviewing body may provide that the original be filed directly with the code reviewing body and that no copy be retained by the agency.

(k) Heads of local government agencies and members of local government boards or commissions, for which the Fair Political Practices Commission is the code reviewing body, one original to the agency or board or commission which shall be the filing officer, unless at its discretion the Fair Political Practices Commission elects to act as the filing officer. In this instance, the original shall be filed with the agency, board, or commission, which shall make and retain a copy and forward the original to the Fair Political Practices Commission.

(*l*) Designated employees of the Legislature–one original with the house of the Legislature by which the designated employee is employed.

In its discretion, each house of the Legislature may provide that the originals of statements filed by its designated employees be filed directly with the commission, and that no copies be retained by that house.

(m) Designated employees under contract to more than one joint powers insurance agency and who elect to file a multiagency statement pursuant to Section 87350, the original of the statement with the commission which shall be the filing officer, and a statement with each agency with which they are under contract, declaring that their statement of economic interests is on file with the commission and available upon request.

(n) Members of a state licensing or regulatory board, bureau, or commission–one original with the agency, which shall make and retain a copy and forward the original to the commission, which shall be the filing officer.

(o) Persons not mentioned above–one original with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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

SEC. 9. 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.

CHAPTER 201

An act to amend Sections 12105, 12106, 12107, and 12108 of, and to add Section 12105.5 to, the Elections Code, relating to elections.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 12105 of the Elections Code is amended to read:

12105. (a) The elections official shall, not less than one week before the election, publish the list of the polling places designated for each election precinct.

(b) Publication shall be pursuant to Section 6061 of the Government Code in the jurisdiction where the election is to be held and in any newspaper of general circulation designated by the elections official. If there is no newspaper of general circulation published and circulated in the jurisdiction, the list shall be typewritten and copies shall be posted conspicuously within the time prescribed in at least three public places within the city.

SEC. 2. Section 12105.5 is added to the Elections Code, to read:

12105.5. (a) Not less than one week before the election, the elections official shall post a list of all current polling places in each precinct and a list of precinct board members appointed by the 15th day before the election. Not later than 28 days after the election, the elections official shall post an updated list of the precinct board members who actually served on election day. The election official shall post these lists in his or her office and on his or her official Web site, if any.

(b) In each jurisdiction in which he or she determines that the public interest, convenience, and necessity requires the local posting of polling places and precinct board members, the elections official shall divide and distribute the lists for posting in any City Clerk's office within the jurisdiction having the election.

(c) Each list required by this section shall remain posted for 30 days after completion of the canvass, shall then be archived by the elections official, and shall remain available for public inspection as long as election materials are required to be retained. Copies shall be made available upon request for a price not to exceed the cost of reproduction and mailing.

SEC. 3. Section 12106 of the Elections Code is amended to read:

12106. (a) The elections official shall publish, as provided in this section and Section 12105, the list of polling places designated for each election precinct in each jurisdiction where the elections official determines that the public interest, convenience, and necessity require the local publication of the list to afford adequate notice of this subject to the electorate.

(b) After making a determination pursuant to subdivision (a), the elections official shall divide and distribute the list of polling places and cause the same to be published at least one week before the election in

newspapers of general circulation published in different places in the jurisdiction.

(c) Divisions of the list of polling places may be published in that daily newspaper of general circulation published or circulated in one or more cities in the county, with the exception of the county seat, that is determined will give to the electorate in each city adequate notice of the election. If there is no daily newspaper, publication may be made in a semiweekly newspaper, a biweekly newspaper, or a weekly newspaper of general circulation that is determined will give the electorate in the city adequate notice of the election.

(d) The list of polling places designated for various portions of the unincorporated area of the county and of the county seat may be published in those daily, semiweekly, biweekly, or weekly newspapers of general circulation published or circulated within the various portions of the unincorporated area and the county seat, deemed by the county elections official to be those newspapers that will give adequate notice of the election to the voters of the respective portions of the unincorporated area and the county seat.

SEC. 4. Section 12107 of the Elections Code is amended to read:

12107. (a) The elections official shall let the contracts for publication, pursuant to Section 12106, of the list of polling places designated for each election precinct, and shall determine the rate to be paid for the publication of the list or any portion of the list.

(b) The publication rate shall be based on a common denominator of measurement for all newspapers and may be graduated according to circulation.

Contracts for the publication shall include the publication of the proper portion of the list of polling places and all other items relating to that portion required by law to be published.

SEC. 5. Section 12108 of the Elections Code is amended to read:

12108. In any case where this chapter requires the posting or distribution of a list of the names of precinct board members, or a portion of the list, the officers charged with the duty of posting shall ascertain the name of the political party, if any, with which each precinct board member is affiliated, as shown in the affidavit of registration of that person. When the list is posted or distributed, there shall be printed the name of the board member's party or an abbreviation of the name to the right of the name, or immediately below the name, of each precinct board member. If a precinct board member is not affiliated with a political party, the words "No party," "Nonpartisan," or "Decline to state" shall be printed in place of the party name.

SEC. 6. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies

and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 202

An act to amend Sections 14574 and 14575 of the Public Resources Code, relating to beverage containers.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 14574 of the Public Resources Code is amended to read:

14574. (a) (1) A distributor of beverage containers shall pay to the department the redemption payment for every beverage container, other than a refillable beverage container, sold or transferred to a dealer, less 1 percent for the distributor's administrative costs.

(2) The payment made by a distributor shall be made not later than the last day of the third month following the sale. The distributor shall make the payment in the form and manner that the department prescribes.

(b) (1) Notwithstanding subdivision (a), if a distributor displays a pattern of operation in compliance with this division and the regulations adopted pursuant to this division, to the satisfaction of the department, the distributor may make a single annual payment of redemption payments, if the distributor meets either of the following requirements:

(A) If the redemption payment and refund value is not increased pursuant to paragraph (3) of subdivision (a) of Section 14560, the distributor's projected redemption payment for a calendar year totals less than fifty thousand dollars ($50,000).

(B) If the redemption payment and refund value is increased pursuant to paragraph (3) of subdivision (a) of Section 14560, the distributor's projected redemption payment for a calendar year totals less than seventy-five thousand dollars ($75,000).

(2) An annual redemption payment made pursuant to this subdivision is due and payable on or before February 1 for every beverage container sold or transferred by the distributor to a dealer in the previous calendar year.

(3) A distributor shall notify the department of its intent to make an annual redemption payment pursuant to this subdivision on or before January 31 of the calendar year for which the payment will be due.

SEC. 2. Section 14575 of the Public Resources Code is amended to read:

14575. (a) If any type of empty beverage container with a refund value established pursuant to Section 14560 has a scrap value less than the cost of recycling, the department shall, on January 1, 2000, and on or before January 1 annually thereafter, establish a processing fee and a processing payment for the container by the type of the material of the container.

(b) The processing payment shall be at least equal to the difference between the scrap value offered to a statistically significant sample of recyclers by willing purchasers, and except for the initial calculation made pursuant to subdivision (d), the sum of both of the following:

(1) The actual cost for certified recycling centers, excluding centers receiving a handling fee, of receiving, handling, storing, transporting, and maintaining equipment for each container sold for recycling or, only if the container is not recyclable, the actual cost of disposal, calculated pursuant to subdivision (c). The department shall determine the statewide weighted average cost to recycle each beverage container type, which shall serve as the actual recycling costs for purposes of paragraphs (2) and (3) of subdivision (c), by conducting a survey of the costs of a statistically significant sample of certified recycling centers, excluding those recycling centers receiving a handling fee, for receiving, handling, storing, transporting, and maintaining equipment.

(2) A reasonable financial return for recycling centers.

(c) The department shall base the processing payment pursuant to this section upon all of the following:

(1) The department shall use the average scrap values paid to recyclers between October 1, 2001, and September 30, 2002, for the 2003 calculation and the same 12-month period directly preceding the year in which the processing fee is calculated for any subsequent calculation.

(2) To calculate the 2003 processing payments, the department shall use the recycling costs for certified recycling centers used to calculate the January 1, 2002, processing payments.

(3) For calculating processing payments that will be in effect on and after January 1, 2004, the department shall determine the actual costs for certified recycling centers, every second year, pursuant to paragraph (1) of subdivision (b). The department shall adjust the recycling costs annually to reflect changes in the cost of living, as measured by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency of the United States government.

(d) Notwithstanding paragraph (1) of subdivision (b) and subdivision (c), for the purpose of setting the cost for recycling non polyethylene terephthalate (non-PET) plastic containers by certified recycling centers to determine the processing payment for those containers, the department shall use a recycling cost of six hundred forty-two dollars and sixty-nine cents ($642.69) per ton for the January 1, 2002, calculation of the processing payment.

(e) Except as specified in subdivision (f), the actual processing fee paid by a beverage manufacturer shall equal 65 percent of the processing payment calculated pursuant to subdivision (b).

(f) The department, consistent with Section 14581 and subject to the availability of funds, shall reduce the processing fee paid by beverage manufacturers by expending funds in each material processing fee account, in the following manner:

(1) The processing fee in effect on January 1, 2004, shall be equal to the following amounts:

(A) For a container type that was subject to this division on January 1, 1999, 12 percent of the processing payment if the recycling rate of that container type was equal to, or greater than, 60 percent for the 1999 calendar year.

(B) For a container type that was not subject to this division on January 1, 1999, 12 percent of the processing payment, if the recycling rate of that container type was equal to, or greater than, 60 percent for the 2001 calendar year.

(C) For a container type that was not subject to this division on January 1, 1999, 15 percent of the processing payment if the recycling rate for that container type was equal to, or greater than, 45 percent, but less than 60 percent for the 2001 calendar year.

(D) For a container type that was not subject to this division on January 1, 1999, 20 percent of the processing payment if the recycling rate for that container type was equal to, or greater than, 30 percent, but less than 45 percent, for the 2001 calendar year.

(2) On January 1, 2005, and annually thereafter, the processing fee shall equal the following amounts:

(A) Ten percent of the processing payment for a container type with a recycling rate equal to or greater than 75 percent.

(B) Eleven percent of the processing payment for a container type with a recycling rate equal to or greater than 65 percent, but less than 75 percent.

(C) Twelve percent of the processing payment for a container type with a recycling rate equal to or greater than 60 percent, but less than 65 percent.

(D) Thirteen percent of the processing payment for a container type with a recycling rate equal to or greater than 55 percent, but less than 60 percent.

(E) Fourteen percent of the processing payment for a container type with a recycling rate equal to or greater than 50 percent, but less than 55 percent.

(F) Fifteen percent of the processing payment for a container type with a recycling rate equal to or greater than 45 percent, but less than 50 percent.

(G) Eighteen percent of the processing payment for a container type with a recycling rate equal to or greater than 40 percent, but less than 45 percent.

(H) Twenty percent of the processing payment for a container type with a recycling rate equal to or greater than 30 percent, but less than 40 percent.

(I) Sixty-five percent of the processing payment for a container type with a recycling rate less than 30 percent.

(3) The department shall calculate the recycling rate for purposes of paragraph (2) based on the 12-month period ending on June 30 that directly precedes the date of the January 1 processing fee determination.

(g) Not more than once every three months, the department may make an adjustment in the amount of the processing payment established pursuant to this section notwithstanding any change in the amount of the processing fee established pursuant to this section, for any beverage container, if the department makes the following determinations:

(1) The statewide scrap value paid by processors for the material type for the most recent available 12-month period directly preceding the quarter in which the processing payment is to be adjusted is 5 percent more or 5 percent less than the average scrap value used as the basis for the processing payment currently in effect.

(2) Funds are available in the processing fee account for the material type.

(3) Adjusting the processing payment is necessary to further the objectives of this division.

(h) (1) Except as provided in paragraphs (2) and (3), every beverage manufacturer shall pay to the department the applicable processing fee for each container sold or transferred to a distributor or dealer within 40 days of the sale in the form and in the manner which the department may prescribe.

(2) (A) Notwithstanding Section 14506, with respect to the payment of processing fees for beer and other malt beverages manufactured outside the state, the beverage manufacturer shall be deemed to be the person or entity named on the certificate of compliance issued pursuant to

Section 23671 of the Business and Professions Code. If the department is unable to collect the processing fee from the person or entity named on the certificate of compliance, the department shall give written notice by certified mail, return receipt requested, to that person or entity. The notice shall state that the processing fee shall be remitted in full within 30 days of issuance of the notice or the person or entity shall not be permitted to offer that beverage brand for sale within the state. If the person or entity fails to remit the processing fee within 30 days of issuance of the notice, the department shall notify the Department of Alcoholic Beverage Control that the certificate holder has failed to comply, and the Department of Alcoholic Beverage Control shall prohibit the offering for sale of that beverage brand within the state.

(B) The department shall enter into a contract with the Department of Alcoholic Beverage Control, pursuant to Section 14536.5, concerning the implementation of this paragraph, which shall include a provision reimbursing the Department of Alcoholic Beverage Control for its costs incurred in implementing this paragraph.

(3) (A) Notwithstanding paragraph (1), if a beverage manufacturer displays a pattern of operation in compliance with this division and the regulations adopted pursuant to this division, to the satisfaction of the department, the beverage manufacturer may make a single annual payment of processing fees, if the beverage manufacturer meets either of the following conditions:

(i) If the redemption payment and refund value is not increased pursuant to paragraph (3) of subdivision (a) of Section 14560, the beverage manufacturer's projected processing fees for a calendar year total less than ten thousand dollars ($10,000).

(ii) If the redemption payment and refund value is increased pursuant to paragraph (3) of subdivision (a) of Section 14560, the beverage manufacturer's projected processing fees for a calendar year total less than fifteen thousand dollars ($15,000).

(B) An annual processing fee payment made pursuant to this paragraph is due and payable on or before February 1 for every beverage container sold or transferred by the beverage manufacturer to a distributor or dealer in the previous calendar year.

(C) A beverage manufacturer shall notify the department of its intent to make an annual processing fee payment pursuant to this paragraph on or before January 31 of the calendar year for which the payment will be due.

(4) The department shall pay the processing payments on redeemed containers to processors, in the same manner as it pays refund values pursuant to Sections 14573 and 14573.5. The processor shall pay the recycling center the entire processing payment representing the actual

costs and financial return incurred by the recycling center, as specified in subdivision (b).

(i) When assessing processing fees pursuant to subdivision (a), the department shall assess the processing fee on each container sold, as provided in subdivisions (e) and (f), by the type of material of the container, assuming that every container sold will be redeemed for recycling, whether or not the container is actually recycled.

(j) The container manufacturer, or a designated agent, shall pay to, or credit, the account of the beverage manufacturer in an amount equal to the processing fee.

(k) If, at the end of any calendar year for which glass recycling rates equal or exceed 45 percent and sufficient surplus funds remain in the glass processing fee account to make the reduction pursuant to this subdivision or if, at the end of any calendar year for which PET recycling rates equal or exceed 45 percent and sufficient surplus funds remain in the PET processing fee account to make the reduction pursuant to this subdivision, the department shall use these surplus funds in the respective processing fee accounts in the following calendar year to reduce the amount of the processing fee that would otherwise be due from glass or PET beverage manufacturers pursuant to this subdivision.

(1) The department shall reduce the glass or PET processing fee amount pursuant to this subdivision in addition to any reduction for which the glass or PET beverage container qualifies under subdivision (f).

(2) The department shall determine the processing fee reduction by dividing two million dollars ($2,000,000) from each processing fee account by an estimate of the number of containers sold or transferred to a distributor during the previous calendar year, based upon the latest available data.

CHAPTER 203

An act to amend Section 25608 of the Business and Professions Code, relating to alcoholic beverages, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 25608 of the Business and Professions Code is amended to read:

25608. (a) Every person who possesses, consumes, sells, gives, or delivers to any other person, any alcoholic beverage in or on any public schoolhouse or any of the grounds thereof, is guilty of a misdemeanor. This section does not, however, make it unlawful for any person to acquire, possess, or use any alcoholic beverage in or on any public schoolhouse, or on any grounds thereof, if any of the following applies:

(1) The alcoholic beverage possessed, consumed, or sold, pursuant to a license obtained under this division, is wine that is produced by a bonded winery owned or operated as part of an instructional program in viticulture and enology.

(2) The alcoholic beverage is acquired, possessed, or used in connection with a course of instruction given at the school and the person has been authorized to acquire, possess, or use it by the governing body or other administrative head of the school.

(3) The public schoolhouse is surplus school property and the grounds thereof are leased to a lessee which is a general law city with a population of less than 50,000, or the public schoolhouse is surplus school property and the grounds thereof are located in an unincorporated area and are leased to a lessee which is a civic organization, and the property is to be used for community center purposes and no public school education is to be conducted thereon by either the lessor or the lessee and the property is not being used by persons under the age of 21 years for recreational purposes at any time during which alcoholic beverages are being sold or consumed on the premises.

(4) The alcoholic beverages are acquired, possessed, or used during events at a college-owned or college-operated veterans stadium with a capacity of over 12,000 people, located in a county with a population of over six million people. As used in this subdivision, "events" mean football games sponsored by a college, other than a public community college, or other events sponsored by noncollege groups.

(5) The alcoholic beverages are acquired, possessed, or used during an event not sponsored by any college at a performing arts facility built on property owned by a community college district and leased to a nonprofit organization which is a public benefit corporation formed under Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code. As used in this subdivision, "performing arts facility" means an auditorium with more than 300 permanent seats.

(6) The alcoholic beverage is wine for sacramental or other religious purposes and is used only during authorized religious services held on or before January 1, 1995.

(7) The alcoholic beverages are acquired, possessed, or used during an event at a community center owned by a community services district and the event is not held at a time when students are attending a public school sponsored activity at the center.

(8) The alcoholic beverage is wine which is acquired, possessed, or used during an event sponsored by a community college district or an organization operated for the benefit of the community college district where the college district maintains both an instructional program in viticulture on no less than five acres of land owned by the district and an instructional program in enology, which includes sales and marketing.

(9) The alcoholic beverage is acquired, possessed, or used at a professional minor league baseball game conducted at the stadium of a community college located in a county with a population of less than 250,000 inhabitants, and the baseball game is conducted pursuant to a contract between the community college district and a professional sports organization.

(10) The alcoholic beverages are acquired, possessed, or used during events at a college-owned or college-operated stadium or other facility. As used in this subdivision, "events" means fundraisers held to benefit a nonprofit corporation that has obtained a license pursuant to this division for the event. "Events" does not include football games or other athletic contests sponsored by any college or public community college. This subdivision shall not apply to any public education facility in which any grade from kindergarten to grade 12, inclusive, is schooled.

(11) The alcoholic beverages are possessed, consumed, or sold, pursuant to a license obtained under this division, for an event during the weekend or at other times when pupils are not on the grounds of an overnight retreat facility owned and operated by a county office of education in a county of the 18th class.

(b) Any person convicted of a violation of this section shall, in addition to the penalty imposed for the misdemeanor, be barred from having or receiving any privilege of the use of public school property which is accorded by Article 2 (commencing with Section 82537) of Chapter 8 of Part 49 of the Education Code.

SEC. 1.5. Section 25608 of the Business and Professions Code is amended to read:

25608. (a) Every person who possesses, consumes, sells, gives, or delivers to any other person, any alcoholic beverage in or on any public schoolhouse or any of the grounds thereof, is guilty of a misdemeanor. This section does not, however, make it unlawful for any person to

acquire, possess, or use any alcoholic beverage in or on any public schoolhouse, or on any grounds thereof, if any of the following applies:

(1) The alcoholic beverage possessed, consumed, or sold, pursuant to a license obtained under this division, is wine that is produced by a bonded winery owned or operated as part of an instructional program in viticulture and enology.

(2) The alcoholic beverage is acquired, possessed, or used in connection with a course of instruction given at the school and the person has been authorized to acquire, possess, or use it by the governing body or other administrative head of the school.

(3) The public schoolhouse is surplus school property and the grounds thereof are leased to a lessee which is a general law city with a population of less than 50,000, or the public schoolhouse is surplus school property and the grounds thereof are located in an unincorporated area and are leased to a lessee which is a civic organization, and the property is to be used for community center purposes and no public school education is to be conducted thereon by either the lessor or the lessee and the property is not being used by persons under the age of 21 years for recreational purposes at any time during which alcoholic beverages are being sold or consumed on the premises.

(4) The alcoholic beverages are acquired, possessed, or used during events at a college-owned or college-operated veterans stadium with a capacity of over 12,000 people, located in a county with a population of over six million people. As used in this subdivision, "events" mean football games sponsored by a college, other than a public community college, or other events sponsored by noncollege groups.

(5) The alcoholic beverages are acquired, possessed, or used during an event not sponsored by any college at a performing arts facility built on property owned by a community college district and leased to a nonprofit organization which is a public benefit corporation formed under Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code. As used in this subdivision, "performing arts facility" means an auditorium with more than 300 permanent seats.

(6) The alcoholic beverage is wine for sacramental or other religious purposes and is used only during authorized religious services held on or before January 1, 1995.

(7) The alcoholic beverages are acquired, possessed, or used during an event at a community center owned by a community services district and the event is not held at a time when students are attending a public school sponsored activity at the center.

(8) The alcoholic beverage is wine which is acquired, possessed, or used during an event sponsored by a community college district or an organization operated for the benefit of the community college district

where the college district maintains both an instructional program in viticulture on no less than five acres of land owned by the district and an instructional program in enology, which includes sales and marketing.

(9) The alcoholic beverage is acquired, possessed, or used at a professional minor league baseball game conducted at the stadium of a community college located in a county with a population of less than 250,000 inhabitants, and the baseball game is conducted pursuant to a contract between the community college district and a professional sports organization.

(10) The alcoholic beverages are acquired, possessed, or used during events at a college-owned or college-operated stadium or other facility. As used in this subdivision, "events" means fundraisers held to benefit a nonprofit corporation that has obtained a license pursuant to this division for the event. "Events" does not include football games or other athletic contests sponsored by any college or public community college. This subdivision shall not apply to any public education facility in which any grade from kindergarten to grade 12, inclusive, is schooled.

(11) The alcoholic beverages are possessed, consumed, or sold, pursuant to a license obtained under this division, for an event during the weekend or at other times when pupils are not on the grounds of an overnight retreat facility owned and operated by a county office of education in a county of the 18th class.

(12) The grounds of the public schoolhouse on which the alcoholic beverage is acquired, possessed, used, or consumed is property that has been developed and is used for residential facilities or housing that is offered for rent, lease, or sale exclusively to faculty or staff of a public school or community college.

(b) Any person convicted of a violation of this section shall, in addition to the penalty imposed for the misdemeanor, be barred from having or receiving any privilege of the use of public school property which is accorded by Article 2 (commencing with Section 82537) of Chapter 8 of Part 49 of the Education Code.

SEC. 1.7. Section 1.5 of this bill incorporates amendments to Section 25608 of the Business and Professions Code proposed by this bill and Assembly Bill 767. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, but this bill becomes operative first, (2) each bill amends Section 25608 of the Business and Professions Code, and (3) this bill is enacted after Assembly Bill 767, in which case Section 25608 of the Business and Professions Code, as amended by Section 1 of this bill, shall remain operative only until the operative date of Assembly Bill 767, at which time Section 1.5 of this bill shall become operative.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that equal treatment is accorded to similarly situated entities at the earliest possible time it is necessary that this act take effect immediately.

CHAPTER 204

An act to amend Section 25608 of the Business and Professions Code, relating to alcoholic beverages.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 25608 of the Business and Professions Code is amended to read:

25608. Every person who possesses, consumes, sells, gives, or delivers to any other person, any alcoholic beverage in or on any public schoolhouse or any of the grounds thereof, is guilty of a misdemeanor. This section does not, however, make it unlawful for any person to acquire, possess, or use any alcoholic beverage in or on any public schoolhouse, or on any grounds thereof, if any of the following applies:

(a) The alcoholic beverage is acquired, possessed, or used in connection with a course of instruction given at the school and the person has been authorized to acquire, possess, or use it by the governing body or other administrative head of the school.

(b) The public schoolhouse is surplus school property and the grounds thereof are leased to a lessee which is a general law city with a population of less than 50,000, or the public schoolhouse is surplus school property and the grounds thereof are located in an unincorporated area and are leased to a lessee which is a civic organization, and the property is to be used for community center purposes and no public school education is to be conducted thereon by either the lessor or the lessee and the property is not being used by persons under the age of 21 years for recreational purposes at any time during which alcoholic beverages are being sold or consumed on the premises.

(c) The alcoholic beverages are acquired, possessed, or used during events at a college-owned or college-operated veterans stadium with a

capacity of over 12,000 people, located in a county with a population of over six million people. As used in this subdivision, "events" mean football games sponsored by a college, other than a public community college, or other events sponsored by noncollege groups.

(d) The alcoholic beverages are acquired, possessed, or used during an event not sponsored by any college at a performing arts facility built on property owned by a community college district and leased to a nonprofit organization which is a public benefit corporation formed under Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code. As used in this subdivision, "performing arts facility" means an auditorium with more than 300 permanent seats.

(e) The alcoholic beverage is wine for sacramental or other religious purposes and is used only during authorized religious services held on or before January 1, 1995.

(f) The alcoholic beverages are acquired, possessed, or used during an event at a community center owned by a community services district and the event is not held at a time when students are attending a public school sponsored activity at the center.

(g) The alcoholic beverage is wine which is acquired, possessed, or used during an event sponsored by a community college district or an organization operated for the benefit of the community college district where the college district maintains both an instructional program in viticulture on no less than five acres of land owned by the district and an instructional program in enology, which includes sales and marketing.

(h) The alcoholic beverage is acquired, possessed, or used at a professional minor league baseball game conducted at the stadium of a community college located in a county with a population of less than 250,000 inhabitants, and the baseball game is conducted pursuant to a contract between the community college district and a professional sports organization.

(i) The alcoholic beverages are acquired, possessed, or used during events at a college-owned or college-operated stadium or other facility. As used in this subdivision, "events" means fundraisers held to benefit a nonprofit corporation that has obtained a license pursuant to this division for the event. "Events" does not include football games or other athletic contests sponsored by any college or public community college. This subdivision shall not apply to any public education facility in which any grade from kindergarten to grade 12, inclusive, is schooled.

(j) The alcoholic beverages are possessed, consumed, or sold, pursuant to a license obtained under this division, for an event during the weekend or at other times when pupils are not on the grounds of an overnight retreat facility owned and operated by a county office of education in a county of the 18th class.

(k) The grounds of the public schoolhouse on which the alcoholic beverage is acquired, possessed, used, or consumed is property that has been developed and is used for residential facilities or housing that is offered for rent, lease, or sale exclusively to faculty or staff of a public school or community college district.

Any person convicted of a violation of this section shall, in addition to the penalty imposed for the misdemeanor, be barred from having or receiving any privilege of the use of public school property which is accorded by Article 2 (commencing with Section 82537) of Chapter 8 of Part 49 of the Education Code.

SEC. 2. Section 25608 of the Business and Professions Code is amended to read:

25608. (a) Every person who possesses, consumes, sells, gives, or delivers to any other person, any alcoholic beverage in or on any public schoolhouse or any of the grounds thereof, is guilty of a misdemeanor. This section does not, however, make it unlawful for any person to acquire, possess, or use any alcoholic beverage in or on any public schoolhouse, or on any grounds thereof, if any of the following applies:

(1) The alcoholic beverage possessed, consumed, or sold, pursuant to a license obtained under this division, is wine that is produced by a bonded winery owned or operated as part of an instructional program in viticulture and enology.

(2) The alcoholic beverage is acquired, possessed, or used in connection with a course of instruction given at the school and the person has been authorized to acquire, possess, or use it by the governing body or other administrative head of the school.

(3) The public schoolhouse is surplus school property and the grounds thereof are leased to a lessee which is a general law city with a population of less than 50,000, or the public schoolhouse is surplus school property and the grounds thereof are located in an unincorporated area and are leased to a lessee which is a civic organization, and the property is to be used for community center purposes and no public school education is to be conducted thereon by either the lessor or the lessee and the property is not being used by persons under the age of 21 years for recreational purposes at any time during which alcoholic beverages are being sold or consumed on the premises.

(4) The alcoholic beverages are acquired, possessed, or used during events at a college-owned or college-operated veterans stadium with a capacity of over 12,000 people, located in a county with a population of over six million people. As used in this subdivision, “events” mean football games sponsored by a college, other than a public community college, or other events sponsored by noncollege groups.

(5) The alcoholic beverages are acquired, possessed, or used during an event not sponsored by any college at a performing arts facility built on property owned by a community college district and leased to a nonprofit organization which is a public benefit corporation formed under Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code. As used in this subdivision, "performing arts facility" means an auditorium with more than 300 permanent seats.

(6) The alcoholic beverage is wine for sacramental or other religious purposes and is used only during authorized religious services held on or before January 1, 1995.

(7) The alcoholic beverages are acquired, possessed, or used during an event at a community center owned by a community services district and the event is not held at a time when students are attending a public school-sponsored activity at the center.

(8) The alcoholic beverage is wine which is acquired, possessed, or used during an event sponsored by a community college district or an organization operated for the benefit of the community college district where the college district maintains both an instructional program in viticulture on no less than five acres of land owned by the district and an instructional program in enology, which includes sales and marketing.

(9) The alcoholic beverage is acquired, possessed, or used at a professional minor league baseball game conducted at the stadium of a community college located in a county with a population of less than 250,000 inhabitants, and the baseball game is conducted pursuant to a contract between the community college district and a professional sports organization.

(10) The alcoholic beverages are acquired, possessed, or used during events at a college-owned or college-operated stadium or other facility. As used in this subdivision, "events" means fundraisers held to benefit a nonprofit corporation that has obtained a license pursuant to this division for the event. "Events" does not include football games or other athletic contests sponsored by any college or public community college. This subdivision shall not apply to any public education facility in which any grade from kindergarten to grade 12, inclusive, is schooled.

(11) The alcoholic beverages are possessed, consumed, or sold, pursuant to a license obtained under this division, for an event during the weekend or at other times when pupils are not on the grounds of an overnight retreat facility owned and operated by a county office of education in a county of the 18th class.

(12) The grounds of the public schoolhouse on which the alcoholic beverage is acquired, possessed, used, or consumed is property that has been developed and is used for residential facilities or housing that is

offered for rent, lease, or sale exclusively to faculty or staff of a public school or community college.

(b) Any person convicted of a violation of this section shall, in addition to the penalty imposed for the misdemeanor, be barred from having or receiving any privilege of the use of public school property which is accorded by Article 2 (commencing with Section 82537) of Chapter 8 of Part 49 of the Education Code.

SEC. 3. Section 2 of this bill incorporates amendments to Section 25608 of the Business and Professions Code proposed by this bill and SB 220. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 25608 of the Business and Professions Code, and (3) this bill is enacted after SB 220, in which case Section 25608 of the Business and Professions Code, as amended by SB 220, shall remain operative only until the operative date of this bill, at which time Section 2 of this bill shall become operative, and Section 1 of this bill shall not become operative.

CHAPTER 205

An act to amend Sections 7028 and 7125.4 of the Business and Professions Code, relating to contractors.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 7028 of the Business and Professions Code is amended to read:

7028. (a) It is a misdemeanor for any person to engage in the business or act in the capacity of a contractor within this state without having a license therefor, unless the person is particularly exempted from the provisions of this chapter.

(b) If a person has been previously convicted of the offense described in this section, unless the provisions of subdivision (c) are applicable, the court shall impose a fine of 20 percent of the price of the contract under which the unlicensed person performed contracting work, or four thousand five hundred dollars ($4,500), whichever is greater, and, unless the sentence prescribed in subdivision (c) is imposed, 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 jail sentence of less than 90 days for second or subsequent convictions under this section, the court shall state the reasons for its sentencing choice on the record.

(c) A third or subsequent conviction for the offense described in this section is punishable by a fine of not less than four thousand five hundred dollars ($4,500) nor more than the greater amount of either ten thousand dollars ($10,000) or 20 percent of the contract price under which the unlicensed person performed contracting work or by imprisonment in a county jail for not more than one year or less than 90 days, or by both that fine and imprisonment. The penalty provided by this subdivision is cumulative to the penalties available under all other laws of this state.

(d) In the event the person performing the contracting work has agreed to furnish materials and labor on an hourly basis, "the price of the contract" for the purposes of this section means the aggregate sum of the cost of materials and labor furnished and the cost of completing the work to be performed.

(e) Notwithstanding any other provision of law to the contrary, an indictment for any violation of this section by the unlicensed contractor shall be found or an information or complaint filed within four years from the date of the contract proposal, contract, completion, or abandonment of the work, whichever occurs last.

SEC. 2 Section 7125.4 of the Business and Professions Code is amended to read:

7125.4. (a) The filing of the exemption certificate prescribed by this article that is false, or the employment of a person subject to coverage under the workers' compensation laws after the filing of an exemption certificate without first filing a Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in accordance with the provisions of this article, or the employment of a person subject to coverage under the workers' compensation laws without maintaining coverage for that person, constitutes cause for disciplinary action.

(b) Any qualifier for a license who, under Section 7068.1 is responsible for assuring that a licensee complies with the provisions of this chapter, is also guilty of a misdemeanor for committing or failing to prevent the commission of any of the acts that are cause for disciplinary action under this section.

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

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

CHAPTER 206

An act to amend Sections 1358.4, 1358.5, 1358.6, 1358.8, 1358.9, 1358.10, 1358.11, 1358.14, 1358.15, 1358.16, 1358.17, 1358.18, 1358.20, and 1358.21 of, and to repeal and add Section 1358.12 of, the Health and Safety Code, and to amend Sections 10192.4, 10192.5, 10192.6, 10192.8, 10192.9, 10192.10, 10192.11, 10192.14, 10192.15, 10192.17, 10192.18, 10192.20, and 10192.21 of, and to repeal and add Section 10192.12 of, the Insurance Code, relating to health care coverage.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 1358.4 of the Health and Safety Code is amended to read:

1358.4. The following definitions apply for the purposes of this article:

(a) "Applicant" means:

(1) An individual enrollee who seeks to contract for health coverage, in the case of an individual Medicare supplement contract.

(2) An enrollee who seeks to obtain health coverage through a group, in the case of a group Medicare supplement contract.

(b) "Bankruptcy" means that situation in which a Medicare Advantage organization that is not an issuer has filed, or has had filed against it, a petition for declaration of bankruptcy and has ceased doing business in the state.

(c) "Continuous period of creditable coverage" means the period during which an individual was covered by creditable coverage, if during the period of the coverage the individual had no breaks in coverage greater than 63 days.

(d) (1) "Creditable coverage" means, with respect to an individual, coverage of the individual provided under any of the following:

(A) Any individual or group contract, policy, certificate, or program that is written or administered by a health care service plan, health insurer, fraternal benefits society, self-insured employer plan, or any other entity, in this state or elsewhere, and that arranges or provides medical, hospital, and surgical coverage not designed to supplement

other private or governmental plans. The term includes continuation or conversion coverage.

(B) Part A or B of Title XVIII of the federal Social Security Act (Medicare).

(C) Title XIX of the federal Social Security Act (medicaid), other than coverage consisting solely of benefits under Section 1928 of that act.

(D) Chapter 55 of Title 10 of the United States Code (CHAMPUS).

(E) A medical care program of the Indian Health Service or of a tribal organization.

(F) A state health benefits risk pool.

(G) A health plan offered under Chapter 89 of Title 5 of the United States Code (Federal Employees Health Benefits Program).

(H) A public health plan as defined in federal regulations authorized by Section 2701(c)(1)(I) of the federal Public Health Service Act, as amended by Public Law 104-191, the federal Health Insurance Portability and Accountability Act of 1996.

(I) A health benefit plan under Section 5(e) of the federal Peace Corps Act (Section 2504(e) of Title 22 of the United States Code).

(J) Any other publicly sponsored program, provided in this state or elsewhere, of medical, hospital, and surgical care.

(K) Any other creditable coverage as defined by subsection (c) of Section 2701 of Title XXVII of the federal Public Health Services Act (42 U.S.C. Sec. 300gg(c)).

(2) "Creditable coverage" shall not include one or more, or any combination of, the following:

(A) Coverage for accident-only or disability income insurance, or any combination thereof.

(B) Coverage issued as a supplement to liability insurance.

(C) Liability insurance, including general liability insurance and automobile liability insurance.

(D) Workers' compensation or similar insurance.

(E) Automobile medical payment insurance.

(F) Credit-only insurance.

(G) Coverage for onsite medical clinics.

(H) Other similar insurance coverage, specified in federal regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.

(3) "Creditable coverage" shall not include the following benefits if they are provided under a separate policy, certificate, or contract or are otherwise not an integral part of the plan:

(A) Limited scope dental or vision benefits.

(B) Benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof.

(C) Other similar, limited benefits as are specified in federal regulations.

(4) "Creditable coverage" shall not include the following benefits if offered as independent, noncoordinated benefits:

(A) Coverage only for a specified disease or illness.

(B) Hospital indemnity or other fixed indemnity insurance.

(5) "Creditable coverage" shall not include the following if offered as a separate policy, certificate, or contract:

(A) Medicare supplemental health insurance as defined under Section 1882(g)(1) of the federal Social Security Act.

(B) Coverage supplemental to the coverage provided under Chapter 55 of Title 10 of the United States Code.

(C) Similar supplemental coverage provided to coverage under a group health plan.

(e) "Employee welfare benefit plan" means a plan, fund, or program of employee benefits as defined in Section 1002 of Title 29 of the United States Code (Employee Retirement Income Security Act).

(f) "Insolvency" means when an issuer, licensed to transact the business of a health care service plan in this state, has had a final order of liquidation entered against it with a finding of insolvency by a court of competent jurisdiction in the issuer's state of domicile.

(g) "Issuer" means a health care service plan delivering, or issuing for delivery, Medicare supplement contracts in this state, but does not include entities subject to Article 6 (commencing with Section 10192.1) of Chapter 1 of Division 2 of the Insurance Code.

(h) "Medicare" means the federal Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965, as amended.

(i) "Medicare Advantage Plan" means a plan of coverage for health benefits under Medicare Part C and includes:

(1) Coordinated care plans that provide health care services, including, but not limited to, health care service plans (with or without a point-of-service option), plans offered by provider-sponsored organizations, and preferred provider organizations plans.

(2) Medical savings account plans coupled with a contribution into a Medicare Advantage medical savings account.

(3) Medicare Advantage private fee-for-service plans.

(j) "Medicare supplement contract" means a group or individual plan contract of hospital and medical service associations or health care service plans, other than a contract issued pursuant to a contract under Section 1876 of the federal Social Security Act (42 U.S.C.A. Section 1395mm) or an issued contract under a demonstration project specified in Section

1395ss(g)(1) of Title 42 of the United States Code, that is advertised, marketed, or designed primarily as a supplement to reimbursements under Medicare for the hospital, medical, or surgical expenses of persons eligible for Medicare. "Contract" means "Medicare supplement contract," unless the context requires otherwise. "Medicare supplement contract" does not include a Medicare Advantage plan established under Medicare Part C, an outpatient prescription drug plan established under Medicare Part D, or a health care prepayment plan that provides benefits pursuant to an agreement under subparagraph (A) of paragraph (1) of subsection (a) of Section 1833 of the Social Security Act.

(k) "Secretary" means the Secretary of the United States Department of Health and Human Services.

SEC. 2. Section 1358.5 of the Health and Safety Code is amended to read:

1358.5. (a) A contract shall not be advertised, solicited, or issued for delivery as a Medicare supplement contract unless the contract contains definitions or terms that conform to the requirements of this section.

(1) (A) "Accident," "accidental injury," or "accidental means" shall be defined to employ "result" language and shall not include words that establish an accidental means test or use words such as "external, violent, visible wounds" or other similar words of description or characterization.

(B) The definition shall not be more restrictive than the following: "injury or injuries for which benefits are provided means accidental bodily injury sustained by the covered person that is the direct result of an accident, independent of disease or bodily infirmity or any other cause, and occurs while coverage is in force."

(C) The definition may provide that injuries shall not include injuries for which benefits are provided or available under any workers' compensation, employer's liability, or similar law, unless prohibited by law.

(2) "Benefit period" or "Medicare benefit period" shall not be defined more restrictively than as defined in the Medicare program.

(3) "Convalescent nursing home," "extended care facility," or "skilled nursing facility" shall not be defined more restrictively than as defined in the Medicare program.

(4) "Health care expenses" means for purposes of Section 1358.14, expenses of health care service plans associated with the delivery of health care services, which expenses are analogous to incurred losses of insurers.

(5) "Hospital" may be defined in relation to its status, facilities, and available services or to reflect its accreditation by the Joint Commission

on Accreditation of Hospitals, but not more restrictively than as defined in the Medicare Program.

(6) "Medicare" shall be defined in the contract. "Medicare" may be substantially defined as "The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965, as amended," or "Title I, Part I of Public Law 89-97, as enacted by the 89th Congress and popularly known as the Health Insurance for the Aged Act, as amended," or words of similar import.

(7) "Medicare eligible expenses" shall mean expenses of the kinds covered by Medicare Parts A and B, to the extent recognized as reasonable and medically necessary by Medicare.

(8) "Physician" shall not be defined more restrictively than as defined in the Medicare Program.

(9) (A) "Sickness" shall not be defined more restrictively than as follows: "sickness means illness or disease of an insured person that first manifests itself after the effective date of insurance and while the insurance is in force."

(B) The definition may be further modified to exclude sicknesses or diseases for which benefits are provided under any workers' compensation, occupational disease, employer's liability, or similar law.

(b) Nothing in this section shall be construed as prohibiting any contract, by definitions or express provisions, from limiting or restricting any or all of the benefits provided under the contract, except in-area and out-of-area emergency services, to those health care services that are delivered by issuer, employed, owned, or contracting providers, and provider facilities, so long as the contract complies with the provisions of Sections 1358.14 and 1367 and with Section 1300.67 of Title 28 of the California Code of Regulations.

(c) Nothing in this section shall be construed as prohibiting any contract that limits or restricts any or all of the benefits provided under the contract in the manner contemplated in subdivision (b) from limiting its obligation to deliver services, and disclaiming any liability from any delay or failure to provide those services (1) in the event of a major disaster or epidemic or (2) in the event of circumstances not reasonably within the control of the issuer, such as the partial or total destruction of facilities, war, riot, civil insurrection, disability of a significant part of its health personnel, or similar circumstances so long as the provisions comply with the provisions of subdivision (h) of Section 1367.

SEC. 3. Section 1358.6 of the Health and Safety Code is amended to read:

1358.6. (a) (1) Except for permitted preexisting condition clauses as described in Sections 1358.7 and 1358.8, a contract shall not be advertised, solicited, or issued for delivery as a Medicare supplement

contract if the contract contains definitions, limitations, exclusions, conditions, reductions, or other provisions that are more restrictive or limiting than that term as officially used in Medicare, except as expressly authorized by this article.

(2) No issuer may advertise, solicit, or issue for delivery any Medicare supplement contract with hospital or medical coverage if the contract contains any of the prohibited provisions described in subdivision (b).

(b) The following provisions shall be deemed to be unfair, unreasonable, and inconsistent with the objectives of this chapter and shall not be contained in any Medicare supplement contract:

(1) Any waiver, exclusion, limitation, or reduction based on or relating to a preexisting disease or physical condition, unless that waiver, exclusion, limitation, or reduction (A) applies only to coverage for specified services rendered not more than six months from the effective date of coverage, (B) is based on or relates only to a preexisting disease or physical condition defined no more restrictively than a condition for which medical advice was given or treatment was recommended by or received from a physician within six months before the effective date of coverage, (C) does not apply to any coverage under any group contract, and (D) is approved in advance by the director. Any limitations with respect to a preexisting condition shall appear as a separate paragraph of the contract and be labeled "Preexisting Condition Limitations."

(2) Except with respect to a group contract subject to, and in compliance with, Section 1399.62, any provision denying coverage, after termination of the contract, for services provided continuously beginning while the contract was in effect, during the continuous total disability of the subscriber or enrollee, except that the coverage may be limited to a reasonable period of time not less than the duration of the contract benefit period, if any, and may be limited to the maximum benefits provided under the contract.

(c) A Medicare supplement contract in force shall not contain benefits that duplicate benefits provided by Medicare.

(d) (1) Subject to paragraphs (4) and (5) of subdivision (a) of Section 1358.8, a Medicare supplement contract with benefits for outpatient prescription drugs that was issued prior to January 1, 2006, shall be renewed for current enrollees and subscribers, at their option, who do not enroll in Medicare Part D.

(2) A Medicare supplement contract with benefits for outpatient prescription drugs shall not be issued on and after January 1, 2006.

(3) On and after January 1, 2006, a Medicare supplement contract with benefits for outpatient prescription drugs shall not be renewed after the enrollee or subscriber enrolls in Medicare Part D unless both of the following conditions exist:

(A) The contract is modified to eliminate outpatient prescription drug coverage for outpatient prescription drug expenses incurred after the effective date of the individual's coverage under a Medicare Part D plan.

(B) The premium is adjusted to reflect the elimination of outpatient prescription drug coverage at the time of enrollment in Medicare Part D, accounting for any claims paid if applicable.

SEC. 4. Section 1358.8 of the Health and Safety Code is amended to read:

1358.8. The following standards are applicable to all Medicare supplement contracts advertised, solicited, or issued for delivery on or after January 1, 2001. A contract shall not be advertised, solicited, or issued for delivery as a Medicare supplement contract unless it complies with these benefit standards.

(a) The following general standards apply to Medicare supplement contracts and are in addition to all other requirements of this article:

(1) A Medicare supplement contract shall not exclude or limit benefits for losses incurred more than six months from the effective date of coverage because it involved a preexisting condition. The contract shall not define a preexisting condition more restrictively than a condition for which medical advice was given or treatment was recommended by or received from a physician within six months before the effective date of coverage.

(2) A Medicare supplement contract shall not indemnify against losses resulting from sickness on a different basis than losses resulting from accidents.

(3) A Medicare supplement contract shall provide that benefits designed to cover cost-sharing amounts under Medicare will be changed automatically to coincide with any changes in the applicable Medicare deductible amount and copayment percentage factors. Prepaid or periodic charges may be modified to correspond with those changes.

(4) A Medicare supplement contract shall not provide for termination of coverage of a spouse solely because of the occurrence of an event specified for termination of coverage of the covered person, other than the nonpayment of the prepaid or periodic charge.

(5) Each Medicare supplement contract shall be guaranteed renewable.

(A) The issuer shall not cancel or nonrenew the contract solely on the ground of health status of the individual.

(B) The issuer shall not cancel or nonrenew the contract for any reason other than nonpayment of the prepaid or periodic charge or misrepresentation of the risk by the applicant that is shown by the plan to be material to the acceptance for coverage. The contestability period for Medicare supplement contracts shall be two years.

(C) If a group Medicare supplement contract is terminated by the subscriber and is not replaced as provided under subparagraph (E), the issuer shall offer enrollees an individual Medicare supplement contract that, at the option of the enrollee, either provides for continuation of the benefits contained in the terminated contract or provides for benefits that otherwise meet the requirements of this subsection.

(D) If an individual is an enrollee in a group Medicare supplement contract and the individual membership in the group is terminated, the issuer shall either offer the enrollee the conversion opportunity described in subparagraph (C) or, at the option of the subscriber, shall offer the enrollee continuation of coverage under the group contract.

(E) If a group Medicare supplement contract is replaced by another group Medicare supplement contract purchased by the same subscriber, the issuer of the replacement contract shall offer coverage to all persons covered under the old group contract on its date of termination. Coverage under the new contract shall not result in any exclusion for preexisting conditions that would have been covered under the group contract being replaced.

(F) If a Medicare supplement contract eliminates an outpatient prescription drug benefit as a result of requirements imposed by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173), the contract as modified as a result of that act shall be deemed to satisfy the guaranteed renewal requirements of this paragraph.

(6) Termination of a Medicare supplement contract shall be without prejudice to any continuous loss that commenced while the contract was in force, but the extension of benefits beyond the period during which the contract was in force may be predicated upon the continuous total disability of the covered person, limited to the duration of the contract benefit period, if any, or to payment of the maximum benefits. Receipt of Medicare Part D benefits shall not be considered in determining a continuous loss.

(7) (A) (i) A Medicare supplement contract shall provide that benefits and prepaid or periodic charges under the contract shall be suspended at the request of the enrollee for the period, not to exceed 24 months, in which the enrollee has applied for and is determined to be entitled to medical assistance under Title XIX of the federal Social Security Act, but only if the enrollee notifies the issuer of the contract within 90 days after the date the individual becomes entitled to assistance.

If suspension occurs and if the enrollee loses entitlement to medical assistance, the contract shall be automatically reinstituted, effective as of the date of termination of entitlement, as of the termination of entitlement if the enrollee provides notice of loss of entitlement within

90 days after the date of loss and pays the prepaid or periodic charge attributable to the period, effective as of the date of termination of entitlement.

(ii) A Medicare supplement contract shall provide that benefits and premiums under the contract shall be suspended at the request of the enrollee or subscriber for any period that may be provided by federal regulation if the enrollee or subscriber is entitled to benefits under Section 226 (b) of the Social Security Act and is covered under a group health plan, as defined in Section 1862 (b)(1)(A)(v) of the Social Security Act. If suspension occurs and the enrollee or subscriber loses coverage under the group health plan, the contract shall be automatically reinstituted, effective as of the date of loss of coverage if the enrollee or subscriber provides notice within 90 days of the date of the loss of coverage.

(B) Reinstitution of coverages:

(i) Shall not provide for any waiting period with respect to treatment of preexisting conditions.

(ii) Shall provide for resumption of coverage that is substantially equivalent to coverage in effect before the date of suspension. If the suspended Medicare supplement contract provided coverage for outpatient prescription drugs, reinstitution of the contract for a Medicare Part D enrollee shall not include coverage for outpatient prescription drugs but shall otherwise provide coverage that is substantially equivalent to the coverage in effect before the date of suspension.

(iii) Shall provide for classification of prepaid or periodic charges on terms at least as favorable to the enrollee as the prepaid or periodic charge classification terms that would have applied to the enrollee had the coverage not been suspended.

(8) A Medicare supplement contract shall not be limited to coverage for a single disease or affliction.

(9) A Medicare supplement contract shall provide an examination period of 30 days after the receipt of the contract by the applicant for purposes of review, during which time the applicant may return the contract as described in subdivision (e) of Section 1358.17.

(10) A Medicare supplement contract shall additionally meet any other minimum benefit standards as established by the director.

(11) Within 30 days prior to the effective date of any Medicare benefit changes, an issuer shall file with the director, and notify its subscribers and enrollees of, modifications it has made to Medicare supplement contracts.

(A) The notice shall include a description of revisions to the Medicare Program and a description of each modification made to the coverage provided under the Medicare supplement contract.

(B) The notice shall inform each subscriber and enrollee as to when any adjustment in the prepaid or periodic charges will be made due to changes in Medicare benefits.

(C) The notice of benefit modifications and any adjustments to the prepaid or periodic charges shall be in outline form and in clear and simple terms so as to facilitate comprehension. The notice shall not contain or be accompanied by any solicitation.

(12) No modifications to existing Medicare supplement coverage shall be made at the time of, or in connection with, the notice requirements of this article except to the extent necessary to eliminate duplication of Medicare benefits and any modifications necessary under the contract to provide indexed benefit adjustment.

(b) With respect to the standards for basic (core) benefits for benefit plans A to J, inclusive, every issuer shall make available a contract including only the following basic "core" package of benefits to each prospective applicant. This "core" package of benefits shall be referred to as standardized Medicare supplement benefit plan "A". An issuer may make available to prospective applicants any of the other Medicare supplement insurance benefit plans in addition to the basic core package, but not in lieu of it.

(1) Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare from the 61st day to the 90th day, inclusive, in any Medicare benefit period.

(2) Coverage of Part A Medicare eligible expenses incurred for hospitalization to the extent not covered by Medicare for each Medicare lifetime inpatient reserve day used.

(3) Upon exhaustion of the Medicare hospital inpatient coverage including the lifetime reserve days, coverage of 100 percent of the Medicare Part A eligible expenses for hospitalization paid at the applicable prospective payment system rate or other appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days. The provider shall accept the issuer's payment as payment in full and may not bill the enrollee or subscriber for any balance.

(4) Coverage under Medicare Parts A and B for the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells, as defined under federal regulations, unless replaced in accordance with federal regulations.

(5) Coverage for the coinsurance amount, or in the case of hospital outpatient services, the copayment amount, of Medicare eligible expenses under Part B regardless of hospital confinement, subject to the Medicare Part B deductible.

(c) The following additional benefits shall be included in Medicare supplement benefit plans B to J, inclusive, only as provided by Section 1358.9.

(1) With respect to the Medicare Part A deductible, coverage for all of the Medicare Part A inpatient hospital deductible amount per benefit period.

(2) With respect to skilled nursing facility care, coverage for the actual billed charges up to the coinsurance amount from the 21st day to the 100th day, inclusive, in a Medicare benefit period for posthospital skilled nursing facility care eligible under Medicare Part A.

(3) With respect to the Medicare Part B deductible, coverage for all of the Medicare Part B deductible amount per calendar year regardless of hospital confinement.

(4) With respect to 80 percent of the Medicare Part B excess charges, coverage for 80 percent of the difference between the actual Medicare Part B charge as billed, not to exceed any charge limitation established by the Medicare Program or state law, and the Medicare-approved Part B charge.

(5) With respect to 100 percent of the Medicare Part B excess charges, coverage for all of the difference between the actual Medicare Part B charge as billed, not to exceed any charge limitation established by the Medicare Program or state law, and the Medicare-approved Part B charge.

(6) With respect to the basic outpatient prescription drug benefit, coverage for 50 percent of outpatient prescription drug charges, after a two-hundred-fifty-dollar ($250) calendar year deductible, to a maximum of one thousand two hundred fifty dollars ($1,250) in benefits received by the insured per calendar year, to the extent not covered by Medicare. On and after January 1, 2006, no Medicare supplement contract may be sold or issued if it includes a prescription drug benefit.

(7) With respect to the extended outpatient prescription drug benefit, coverage for 50 percent of outpatient prescription drug charges, after a two-hundred-fifty-dollar ($250) calendar year deductible, to a maximum of three thousand dollars ($3,000) in benefits received by the insured per calendar year, to the extent not covered by Medicare. On and after January 1, 2006, no Medicare supplement contract may be sold or issued if it includes a prescription drug benefit.

(8) With respect to medically necessary emergency care in a foreign country, coverage to the extent not covered by Medicare for 80 percent of the billed charges for Medicare-eligible expenses for medically necessary emergency hospital, physician, and medical care received in a foreign country, which care would have been covered by Medicare if provided in the United States and which care began during the first 60 consecutive days of each trip outside the United States, subject to a

calendar year deductible of two hundred fifty dollars ($250), and a lifetime maximum benefit of fifty thousand dollars ($50,000). For purposes of this benefit, "emergency care" shall mean care needed immediately because of an injury or an illness of sudden and unexpected onset.

(9) With respect to the preventive medical care benefit, coverage for the following preventive health services:

(A) An annual clinical preventive medical history and physical examination that may include tests and services from subparagraph (B) and patient education to address preventive health care measures.

(B) The following screening tests or preventive services that are not covered by Medicare, the selection and frequency of which are determined to be medically appropriate by the attending physician:

(i) Fecal occult blood test.

(ii) Mammogram.

(C) Influenza vaccine administered at any appropriate time during the year.

Reimbursement shall be for the actual charges up to 100 percent of the Medicare-approved amount for each service, as if Medicare were to cover the service as identified in American Medical Association Current Procedural Terminology (AMACPT) codes, to a maximum of one hundred twenty dollars ($120) annually under this benefit. This benefit shall not include payment for any procedure covered by Medicare.

(10) With respect to the at-home recovery benefit, coverage for services to provide short-term, at-home assistance with activities of daily living for those recovering from an illness, injury, or surgery.

(A) For purposes of this benefit, the following definitions shall apply:

(i) "Activities of daily living" include, but are not limited to, bathing, dressing, personal hygiene, transferring, eating, ambulating, assistance with drugs that are normally self-administered, and changing bandages or other dressings.

(ii) "Care provider" means a duly qualified or licensed home health aide or homemaker, or a personal care aide or nurse provided through a licensed home health care agency or referred by a licensed referral agency or licensed nurses registry.

(iii) "Home" shall mean any place used by the insured as a place of residence, provided that the place would qualify as a residence for home health care services covered by Medicare. A hospital or skilled nursing facility shall not be considered the insured's place of residence.

(iv) "At-home recovery visit" means the period of a visit required to provide at-home recovery care, without any limit on the duration of the visit, except that each consecutive four hours in a 24-hour period of services provided by a care provider is one visit.

(B) With respect to coverage requirements and limitations, the following shall apply:

(i) At-home recovery services provided shall be primarily services that assist in activities of daily living.

(ii) The covered person's attending physician shall certify that the specific type and frequency of at-home recovery services are necessary because of a condition for which a home care plan of treatment was approved by Medicare.

(iii) Coverage is limited to the following:

(I) No more than the number and type of at-home recovery visits certified as necessary by the covered person's attending physician. The total number of at-home recovery visits shall not exceed the number of Medicare-approved home health care visits under a Medicare-approved home care plan of treatment.

(II) The actual charges for each visit up to a maximum reimbursement of forty dollars ($40) per visit.

(III) One thousand six hundred dollars ($1,600) per calendar year.

(IV) Seven visits in any one week.

(V) Care furnished on a visiting basis in the insured's home.

(VI) Services provided by a care provider as defined in subparagraph (A).

(VII) At-home recovery visits while the covered person is covered under the policy or certificate and not otherwise excluded.

(VIII) At-home recovery visits received during the period the covered person is receiving Medicare-approved home care services or no more than eight weeks after the service date of the last Medicare-approved home health care visit.

(C) Coverage is excluded for the following:

(i) Home care visits paid for by Medicare or other government programs.

(ii) Care provided by family members, unpaid volunteers, or providers who are not care providers.

(d) The standardized Medicare supplement benefit plan "K" shall consist of the following benefits:

(1) Coverage of 100 percent of the Medicare Part A hospital coinsurance amount for each day used from the 61st to the 90th day, inclusive, in any Medicare benefit period.

(2) Coverage of 100 percent of the Medicare Part A hospital coinsurance amount for each Medicare lifetime inpatient reserve day used from the 91st to the 150th day, inclusive, in any Medicare benefit period.

(3) Upon exhaustion of the Medicare hospital inpatient coverage, including the lifetime reserve days, coverage of 100 percent of the

Medicare Part A eligible expenses for hospitalization paid at the applicable prospective payment system rate, or other appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days. The provider shall accept the issuer's payment for this benefit as payment in full and shall not bill the enrollee or subscriber for any balance.

(4) With respect to the Medicare Part A deductible, coverage for 50 percent of the Medicare Part A inpatient hospital deductible amount per benefit period until the out-of-pocket limitation described in paragraph (10) is met.

(5) With respect to skilled nursing facility care, coverage for 50 percent of the coinsurance amount for each day used from the 21st day to the 100th day, inclusive, in a Medicare benefit period for posthospital skilled nursing facility care eligible under Medicare Part A until the out-of-pocket limitation described in paragraph (10) is met.

(6) With respect to hospice care, coverage for 50 percent of cost sharing for all Medicare Part A eligible expenses and respite care until the out-of-pocket limitation described in paragraph (10) is met.

(7) Coverage for 50 percent, under Medicare Part A or B, of the reasonable cost of the first three pints of blood or equivalent quantities of packed red blood cells, as defined under federal regulations, unless replaced in accordance with federal regulations, until the out-of-pocket limitation described in paragraph (10) is met.

(8) Except for coverage provided in paragraph (9), coverage for 50 percent of the cost sharing otherwise applicable under Medicare Part B after the enrollee or subscriber pays the Part B deductible, until the out-of-pocket limitation is met as described in paragraph (10).

(9) Coverage of 100 percent of the cost sharing for Medicare Part B preventive services, after the enrollee or subscriber pays the Medicare Part B deductible.

(10) Coverage of 100 percent of all cost sharing under Medicare Parts A and B for the balance of the calendar year after the individual has reached the out-of-pocket limitation on annual expenditures under Medicare Parts A and B of four thousand dollars ($4,000) in 2006, indexed each year by the appropriate inflation adjustment specified by the secretary.

(e) The standardized Medicare supplement benefit plan "L" shall consist of the following benefits:

(1) The benefits described in paragraphs (1), (2), (3), and (9) of subdivision (d).

(2) With respect to the Medicare Part A deductible, coverage for 75 percent of the Medicare Part A inpatient hospital deductible amount per

benefit period until the out-of-pocket limitation described in paragraph (8) is met.

(3) With respect to skilled nursing facility care, coverage for 75 percent of the coinsurance amount for each day used from the 21st day to the 100th day, inclusive, in a Medicare benefit period for posthospital skilled nursing facility care eligible under Medicare Part A until the out-of-pocket limitation described in paragraph (8) is met.

(4) With respect to hospice care, coverage for 75 percent of cost sharing for all Medicare Part A eligible expenses and respite care until the out-of-pocket limitation described in paragraph (8) is met.

(5) Coverage for 75 percent, under Medicare Part A or B, of the reasonable cost of the first three pints of blood or equivalent quantities of packed red blood cells, as defined under federal regulations, unless replaced in accordance with federal regulations, until the out-of-pocket limitation described in paragraph (8) is met.

(6) Except for coverage provided in paragraph (7), coverage for 75 percent of the cost sharing otherwise applicable under Medicare Part B after the enrollee or subscriber pays the Part B deductible until the out-of-pocket limitation described in paragraph (8) is met.

(7) Coverage for 100 percent of the cost sharing for Medicare Part B preventive services after the enrollee or subscriber pays the Part B deductible.

(8) Coverage of 100 percent of the cost sharing for Medicare Parts A and B for the balance of the calendar year after the individual has reached the out-of-pocket limitation on annual expenditures under Medicare Parts A and B of two thousand dollars ($2,000) in 2006, indexed each year by the appropriate inflation adjustment specified by the secretary.

(f) A contract shall not contain any provision delaying the effective date of coverage beyond the first day of the month following the date of receipt by the issuer of the applicant's properly completed application, except that the effective date of coverage may be delayed until the 65th birthday of an applicant who is to become eligible for Medicare by reason of age if the application is received any time during the three months immediately preceding the applicant's 65th birthday.

SEC. 5. Section 1358.9 of the Health and Safety Code is amended to read:

1358.9. (a) An issuer shall make available to each prospective enrollee a contract form containing only the basic (core) benefits, as defined in subdivision (b) of Section 1358.8.

(b) No groups, packages, or combinations of Medicare supplement benefits other than those listed in this section shall be offered for sale in this state, except as may be permitted by subdivision (f) and by Section 1358.10.

(c) Benefit plans shall be uniform in structure, language, designation and format to the standard benefit plans A to J, inclusive, listed in subdivision (e), and shall conform to the definitions in Section 1358.4. Each benefit shall be structured in accordance with the format provided in subdivisions (b), (c), (d), and (e) of Section 1358.8 and list the benefits in the order listed in subdivision (e). For purposes of this section, "structure, language, and format" means style, arrangement, and overall content of a benefit.

(d) An issuer may use, in addition to the benefit plan designations required in subdivision (c), other designations to the extent permitted by law.

(e) With respect to the makeup of benefit plans, the following shall apply:

(1) Standardized Medicare supplement benefit plan A shall be limited to the basic (core) benefit common to all benefit plans, as defined in subdivision (b) of Section 1358.8.

(2) Standardized Medicare supplement benefit plan B shall include only the following: the core benefit, plus the Medicare Part A deductible as defined in paragraph (1) of subdivision (c) of Section 1358.8.

(3) Standardized Medicare supplement benefit plan C shall include only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, Medicare Part B deductible, and medically necessary emergency care in a foreign country as defined in paragraphs (1), (2), (3), and (8) of subdivision (c) of Section 1358.8, respectively.

(4) Standardized Medicare supplement benefit plan D shall include only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, medically necessary emergency care in a foreign country, and the at-home recovery benefit as defined in paragraphs (1), (2), (8), and (10) of subdivision (c) of Section 1358.8, respectively.

(5) Standardized Medicare supplement benefit plan E shall include only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, medically necessary emergency care in a foreign country, and preventive medical care as defined in paragraphs (1), (2), (8), and (9) of subdivision (c) of Section 1358.8, respectively.

(6) Standardized Medicare supplement benefit plan F shall include only the following: the core benefit, plus the Medicare Part A deductible, the skilled nursing facility care, the Medicare Part B deductible, 100 percent of the Medicare Part B excess charges, and medically necessary emergency care in a foreign country as defined in paragraphs (1), (2), (3), (5), and (8) of subdivision (c) of Section 1358.8, respectively.

(7) Standardized Medicare supplement benefit high deductible plan F shall include only the following: 100 percent of covered expenses

following the payment of the annual high deductible plan F deductible. The covered expenses include the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, the Medicare Part B deductible, 100 percent of the Medicare Part B excess charges, and medically necessary emergency care in a foreign country as defined in paragraphs (1), (2), (3), (5), and (8) of subdivision (c) of Section 1358.8, respectively. The annual high deductible plan F deductible shall consist of out-of-pocket expenses, other than premiums, for services covered by the Medicare supplement plan F policy, and shall be in addition to any other specific benefit deductibles. The annual high deductible Plan F deductible shall be one thousand five hundred dollars ($1,500) for 1998 and 1999, and shall be based on the calendar year, as adjusted annually thereafter by the secretary to reflect the change in the Consumer Price Index for all urban consumers for the 12-month period ending with August of the preceding year, and rounded to the nearest multiple of ten dollars ($10).

(8) Standardized Medicare supplement benefit plan G shall include only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, 80 percent of the Medicare Part B excess charges, medically necessary emergency care in a foreign country, and the at-home recovery benefit as defined in paragraphs (1), (2), (4), (8), and (10) of Section 1358.8, respectively.

(9) Standardized Medicare supplement benefit plan H shall consist of only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, basic outpatient prescription drug benefit, and medically necessary emergency care in a foreign country as defined in paragraphs (1), (2), (6), and (8) of Section 1358.8, respectively. The outpatient prescription drug benefit shall not be included in a Medicare supplement contract sold on or after January 1, 2006.

(10) Standardized Medicare supplement benefit plan I shall consist of only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, 100 percent of the Medicare Part B excess charges, basic outpatient prescription drug benefit, medically necessary emergency care in a foreign country, and at-home recovery benefit as defined in paragraphs (1), (2), (5), (6), (8), and (10) of subdivision (c) of Section 1358.8, respectively. The outpatient prescription drug benefit shall not be included in a Medicare supplement contract sold on or after January 1, 2006.

(11) Standardized Medicare supplement benefit plan J shall consist of only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, Medicare Part B deductible, 100 percent of the Medicare Part B excess charges, extended outpatient

prescription drug benefit, medically necessary emergency care in a foreign country, preventive medical care, and at-home recovery benefit as defined in paragraphs (1), (2), (3), (5), (7), (8), (9), and (10) of subdivision (c) of Section 1358.8, respectively. The outpatient prescription drug benefit shall not be included in a Medicare supplement contract sold on or after January 1, 2006.

(12) Standardized Medicare supplement benefit high deductible plan J shall consist of only the following: 100 percent of covered expenses following the payment of the annual high deductible plan J deductible. The covered expenses include the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, Medicare Part B deductible, 100 percent of the Medicare Part B excess charges, extended outpatient prescription drug benefit, medically necessary emergency care in a foreign country, preventive medical care benefit, and at-home recovery benefit as defined in paragraphs (1), (2), (3), (5), (7), (8), (9), and (10) of subdivision (c) of Section 1358.8, respectively. The annual high deductible plan J deductible shall consist of out-of-pocket expenses, other than premiums, for services covered by the Medicare supplement plan J policy, and shall be in addition to any other specific benefit deductibles. The annual deductible shall be one thousand five hundred dollars ($1,500) for 1998 and 1999, and shall be based on a calendar year, as adjusted annually thereafter by the secretary to reflect the change in the Consumer Price Index for all urban consumers for the 12-month period ending with August of the preceding year, and rounded to the nearest multiple of ten dollars ($10). The outpatient prescription drug benefit shall not be included in a Medicare supplement contract sold on or after January 1, 2006.

(13) Standardized Medicare supplement benefit plan K shall consist of only those benefits described in subdivision (d) of Section 1358.8.

(14) Standardized Medicare supplement benefit plan L shall consist of only those benefits described in subdivision (e) of Section 1358.8.

(f) An issuer may, with the prior approval of the director, offer contracts with new or innovative benefits in addition to the benefits provided in a contract that otherwise complies with the applicable standards. The new or innovative benefits may include benefits that are appropriate to Medicare supplement contracts, that are not otherwise available and that are cost-effective and offered in a manner that is consistent with the goal of simplification of Medicare supplement contracts. On and after January 1, 2006, the innovative benefit shall not include an outpatient prescription drug benefit.

SEC. 6. Section 1358.10 of the Health and Safety Code is amended to read:

1358.10. (a) (1) This section shall apply to Medicare Select contracts, as defined in this section.

(2) A contract shall not be advertised as a Medicare Select contract unless it meets the requirements of this section.

(b) For the purposes of this section:

(1) "Complaint" means any dissatisfaction expressed by an individual concerning a Medicare Select issuer or its network providers.

(2) "Grievance" means dissatisfaction expressed in writing by an individual covered by a Medicare Select contract with the administration, claims practices, or provision of services concerning a Medicare Select issuer or its network providers.

(3) "Medicare Select issuer" means an issuer offering, or seeking to offer, a Medicare Select contract.

(4) "Medicare Select contract" means a Medicare supplement contract that contains restricted network provisions.

(5) "Network provider" means a provider of health care, or a group of providers of health care, which has entered into a written agreement with the issuer to provide benefits covered under a Medicare Select contract. "Provider network" means a grouping of network providers.

(6) "Restricted network provision" means any provision which conditions the payment of benefits, in whole or in part, on the use of network providers.

(7) "Service area" means the geographic area approved by the director within which an issuer is authorized to offer a Medicare Select contract.

(c) The director may authorize an issuer to offer a Medicare Select contract pursuant to Section 4358 of the federal Omnibus Budget Reconciliation Act (OBRA) of 1990 if the director finds that the issuer's Medicare Select contracts are in compliance with this chapter and if the director finds that the issuer has satisfied all of the requirements of this section.

(d) A Medicare Select issuer shall not issue a Medicare Select contract in this state until its plan of operation has been approved by the director.

(e) A Medicare Select issuer shall file a proposed plan of operation with the director in a format prescribed by the director. The plan of operation shall contain at least the following information:

(1) Evidence that all covered services that are subject to restricted network provisions are available and accessible through network providers, including a demonstration of all of the following:

(A) That services can be provided by network providers with reasonable promptness with respect to geographic location, hours of operation, and afterhour care. The hours of operation and availability of afterhour care shall reflect usual practice in the local area. Geographic availability shall reflect the usual travel times within the community.

(B) That the number of network providers in the service area is sufficient, with respect to current and expected enrollees, as to either of the following:

(i) To deliver adequately all services that are subject to a restricted network provision.

(ii) To make appropriate referrals.

(C) There are written agreements with network providers describing specific responsibilities.

(D) Emergency care is available 24 hours per day and seven days per week.

(E) In the case of covered services that are subject to a restricted network provision and are provided on a prepaid basis, that there are written agreements with network providers prohibiting the providers from billing or otherwise seeking reimbursement from or recourse against any individual covered under a Medicare Select contract.

This subparagraph shall not apply to supplemental charges or coinsurance amounts as stated in the Medicare Select contract.

(2) A statement or map providing a clear description of the service area.

(3) A description of the grievance procedure to be utilized.

(4) A description of the quality assurance program, including all of the following:

(A) The formal organizational structure.

(B) The written criteria for selection, retention, and removal of network providers.

(C) The procedures for evaluating quality of care provided by network providers, and the process to initiate corrective action when warranted.

(5) A list and description, by specialty, of the network providers.

(6) Copies of the written information proposed to be used by the issuer to comply with subdivision (i).

(7) Any other information requested by the director.

(f) (1) A Medicare Select issuer shall file any proposed changes to the plan of operation, except for changes to the list of network providers, with the director prior to implementing the changes. Changes shall be considered approved by the director after 30 days unless specifically disapproved.

(2) An updated list of network providers shall be filed with the director at least quarterly.

(g) A Medicare Select contract shall not restrict payment for covered services provided by nonnetwork providers if:

(1) The services are for symptoms requiring emergency care or are immediately required for an unforeseen illness, injury, or condition.

(2) It is not reasonable to obtain services through a network provider.

(h) A Medicare Select contract shall provide payment for full coverage under the contract for covered services that are not available through network providers.

(i) A Medicare Select issuer shall make full and fair disclosure in writing of the provisions, restrictions, and limitations of the Medicare Select contract to each applicant. This disclosure shall include at least the following:

(1) An outline of coverage sufficient to permit the applicant to compare the coverage and charges of the Medicare Select contract with both of the following:

(A) Other Medicare supplement contracts offered by the issuer.

(B) Other Medicare Select contracts.

(2) A description, including address, telephone number, and hours of operation, of the network providers, including primary care physicians, specialty physicians, hospitals, and other providers.

(3) A description of the restricted network provisions, including payments for coinsurance and deductibles when providers other than network providers are utilized. The description shall inform the applicant that expenses incurred when using out-of-network providers are excluded from the out-of-pocket annual limit in benefit plans K and L, unless the contract provides otherwise.

(4) A description of coverage for emergency and urgently needed care and other out-of-service area coverage.

(5) A description of limitations on referrals to restricted network providers and to other providers.

(6) A description of the enrollee's rights to purchase any other Medicare supplement contract otherwise offered by the issuer.

(7) A description of the Medicare Select issuer's quality assurance program and grievance procedure.

(j) Prior to the sale of a Medicare Select contract, a Medicare Select issuer shall obtain from the applicant a signed and dated form stating that the applicant has received the information provided pursuant to subdivision (i) and that the applicant understands the restrictions of the Medicare Select contract.

(k) A Medicare Select issuer shall have and use procedures for hearing complaints and resolving written grievances from the enrollees. The procedures shall be aimed at mutual agreement for settlement and may include arbitration procedures.

(1) The grievance procedure shall be described in the contract and in the outline of coverage.

(2) At the time the contract is issued, the issuer shall provide detailed information to the enrollee describing how a grievance may be registered with the issuer.

(3) Grievances shall be considered in a timely manner and shall be transmitted to appropriate decisionmakers who have authority to fully investigate the issue and take corrective action.

(4) If a grievance is found to be valid, corrective action shall be taken promptly.

(5) All concerned parties shall be notified about the results of a grievance.

(6) The issuer shall report no later than each March 31st to the director regarding its grievance procedure. The report shall be in a format prescribed by the director and shall contain the number of grievances filed in the past year and a summary of the subject, nature, and resolution of those grievances.

(*l*) At the time of initial purchase, a Medicare Select issuer shall make available to each applicant for a Medicare Select contract the opportunity to purchase any Medicare supplement contract otherwise offered by the issuer.

(m) (1) At the request of an enrollee under a Medicare Select contract, a Medicare Select issuer shall make available to the enrollee the opportunity to purchase a Medicare supplement contract offered by the issuer that has comparable or lesser benefits and that does not contain a restricted network provision, if a Medicare supplement contract of that nature is offered by the issuer. The issuer shall make the contracts available without regard to the health status of the enrollee and without requiring evidence of insurability after the Medicare Select contract has been in force for six months.

(2) For the purposes of this subdivision, a Medicare supplement contract will be considered to have comparable or lesser benefits unless it contains one or more significant benefits not included in the Medicare Select contract being replaced. For the purposes of this paragraph, a significant benefit means coverage for the Medicare Part A deductible, coverage for at-home recovery services, or coverage for Medicare Part B excess charges.

(n) Medicare Select contracts shall provide for continuation of coverage in the event the secretary determines that Medicare Select contracts issued pursuant to this section should be discontinued due to either the failure of the Medicare Select program to be reauthorized under law or its substantial amendment.

(1) Each Medicare Select issuer shall make available to each enrollee covered by a Medicare Select contract the opportunity to purchase any Medicare supplement contract offered by the issuer that has comparable or lesser benefits and that does not contain a restricted provider network provision, if a Medicare supplement contract of that nature is offered by the issuer. The issuer shall make the contracts available without regard

to the health status of the enrollee and without requiring evidence of insurability after the Medicare Select contract has been in force for six months.

(2) For the purposes of this subdivision, a Medicare supplement contract will be considered to have comparable or lesser benefits unless it contains one or more significant benefits not included in the Medicare Select contract being replaced. For the purposes of this paragraph, a significant benefit means coverage for the Medicare Part A deductible, coverage for at-home recovery services, or coverage for Medicare Part B excess charges.

(o) An issuer offering Medicare Select contracts shall comply with reasonable requests for data made by state or federal agencies, including the United States Department of Health and Human Services, for the purpose of evaluating the Medicare Select program. An issuer shall not issue a Medicare Select contract in this state until the contract has been approved by the director.

SEC. 7. Section 1358.11 of the Health and Safety Code is amended to read:

1358.11. (a) (1) An issuer shall not deny or condition the offering or effectiveness of any Medicare supplement contract available for sale in this state, nor discriminate in the pricing of a contract because of the health status, claims experience, receipt of health care, or medical condition of an applicant in the case of an application for a contract that is submitted prior to or during the six-month period beginning with the first day of the first month in which an individual is both 65 years of age or older and is enrolled for benefits under Medicare Part B. Each Medicare supplement contract currently available from an issuer shall be made available to all applicants who qualify under this subdivision and who are 65 years of age or older.

(2) An issuer shall make available Medicare supplement benefit plans A, B, C, and F, if currently available, to an applicant who qualifies under this subdivision who is 64 years of age or younger and who does not have end-stage renal disease. An issuer shall also make available to those applicants, Medicare supplement benefit plan H, I, or J, if currently available, and commencing January 1, 2007, shall make available to them Medicare supplement benefit plan K or L, if currently available. The selection among Medicare supplement benefit plan H, I, or J and the selection between Medicare supplement benefit plan K or L shall be made at the issuer's discretion.

(3) This section and Section 1358.12 do not prohibit an issuer in determining subscriber rates from treating applicants who are under 65 years of age and are eligible for Medicare Part B as a separate risk classification.

(b) (1) If an applicant qualifies under subdivision (a) and submits an application during the time period referenced in subdivision (a) and, as of the date of application, has had a continuous period of creditable coverage of at least six months, the issuer shall not exclude benefits based on a preexisting condition.

(2) If the applicant qualifies under subdivision (a) and submits an application during the time period referenced in subdivision (a) and, as of the date of application, has had a continuous period of creditable coverage that is less than six months, the issuer shall reduce the period of any preexisting condition exclusion by the aggregate of the period of creditable coverage applicable to the applicant as of the enrollment date. The manner of the reduction under this subdivision shall be as specified by the director.

(c) Except as provided in subdivision (b) and Section 1358.23, subdivision (a) shall not be construed as preventing the exclusion of benefits under a contract, during the first six months, based on a preexisting condition for which the enrollee received treatment or was otherwise diagnosed during the six months before the coverage became effective.

(d) An individual enrolled in Medicare by reason of disability shall be entitled to open enrollment described in this section for six months after the date of his or her enrollment in Medicare Part B, or if notified retroactively of his or her eligibility for Medicare, for six months following notice of eligibility. Sales during the open enrollment period shall not be discouraged by any means, including the altering of the commission structure.

(e) (1) An individual enrolled in Medicare Part B is entitled to open enrollment described in this section for six months following:

(A) Receipt of a notice of termination or, if no notice is received, the effective date of termination from any employer-sponsored health plan including an employer-sponsored retiree health plan.

(B) Receipt of a notice of loss of eligibility due to the divorce or death of a spouse or, if no notice is received, the effective date of loss of eligibility due to the divorce or death of a spouse, from any employer-sponsored health plan including an employer-sponsored retiree health plan.

(C) Termination of health care services for a military retiree or the retiree's Medicare eligible spouse or dependent as a result of a military base closure or loss of access to health care services because the base no longer offers services or because the individual relocates.

(2) For purposes of this subdivision, "employer-sponsored retiree health plan" includes any coverage for medical expenses that is directly

or indirectly sponsored or established by an employer for employees or retirees, their spouses, dependents, or other included covered persons.

(f) An individual enrolled in Medicare Part B is entitled to open enrollment described in this section if the individual was covered under a policy, certificate, or contract providing Medicare supplement coverage but that coverage terminated because the individual established residence at a location not served by the issuer.

(g) (1) An individual whose coverage was terminated by a Medicare Advantage plan shall be entitled to an additional 60-day open enrollment period to be added on to and run consecutively after any open enrollment period authorized by federal law or regulation, for any and all Medicare supplement coverage available on a guaranteed basis under state and federal law or regulations for persons terminated by their Medicare Advantage plan.

(2) Health plans that terminate Medicare enrollees shall notify those enrollees in the termination notice of the additional open enrollment period authorized by this subdivision. Health plan notices shall inform enrollees of the opportunity to secure advice and assistance from the HICAP in their area, along with the toll-free telephone number for HICAP.

(h) An individual shall be entitled to an annual open enrollment period lasting 30 days or more, commencing with the individual's birthday, during which time that person may purchase any Medicare supplement coverage that offers benefits equal to or lesser than those provided by the previous coverage. During this open enrollment period, no issuer that falls under this provision shall deny or condition the issuance or effectiveness of Medicare supplement coverage, nor discriminate in the pricing of coverage, because of health status, claims experience, receipt of health care, or medical condition of the individual if, at the time of the open enrollment period, the individual is covered under another Medicare supplement policy, certificate, or contract. An issuer that offers Medicare supplement contracts shall notify an enrollee of his or her rights under this subdivision at least 30 and no more than 60 days before the beginning of the open enrollment period.

(i) Commencing January 1, 2007, an individual enrolled in Medicare Part B is entitled to open enrollment described in this section upon being notified that he or she is no longer eligible for benefits under the Medi-Cal program because of an increase in the individual's income or assets.

SEC. 8. Section 1358.12 of the Health and Safety Code is repealed.

SEC. 9. Section 1358.12 is added to the Health and Safety Code, to read:

1358.12. (a) (1) With respect to the guaranteed issue of a Medicare supplement contract, eligible persons are those individuals described in subdivision (b) who seek to enroll under the contract during the period specified in subdivision (c), and who submit evidence of the date of termination or disenrollment or enrollment in Medicare Part D with the application for a Medicare supplement contract.

(2) With respect to eligible persons, an issuer shall not take any of the following actions:

(A) Deny or condition the issuance or effectiveness of a Medicare supplement contract described in subdivision (e) that is offered and is available for issuance to new enrollees by the issuer.

(B) Discriminate in the pricing of that Medicare supplement contract because of health status, claims experience, receipt of health care, or medical condition.

(C) Impose an exclusion of benefits based on a preexisting condition under that Medicare supplement contract.

(b) An eligible person is an individual described in any of the following paragraphs:

(1) The individual is enrolled under an employee welfare benefit plan that provides health benefits that supplement the benefits under Medicare, and the plan either terminates or ceases to provide all of those supplemental health benefits to the individual.

(2) The individual is enrolled with a Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C, and any of the following circumstances apply:

(A) The certification of the organization or plan has been terminated.

(B) The organization has terminated or otherwise discontinued providing the plan in the area in which the individual resides.

(C) The individual is no longer eligible to elect the plan because of a change in the individual's place of residence or other change in circumstances specified by the secretary. Those changes in circumstances shall not include termination of the individual's enrollment on the basis described in Section 1851(g)(3)(B) of the federal Social Security Act where the individual has not paid premiums on a timely basis or has engaged in disruptive behavior as specified in standards under Section 1856, or the plan is terminated for all individuals within a residence area.

(D) The Medicare Advantage plan in which the individual is enrolled reduces any of its benefits or increases the amount of cost sharing or discontinues for other than good cause relating to quality of care, its relationship or contract under the plan with a provider who is currently furnishing services to the individual. An individual shall be eligible under this subparagraph for a Medicare supplement contract issued by the same issuer through which the individual was enrolled at the time

the reduction, increase, or discontinuance described above occurs or, commencing January 1, 2007, for one issued by a subsidiary of the parent company of that issuer or by a network that contracts with the parent company of that issuer.

(E) The individual demonstrates, in accordance with guidelines established by the secretary, either of the following:

(i) The organization offering the plan substantially violated a material provision of the organization's contract under this article in relation to the individual, including the failure to provide on a timely basis medically necessary care for which benefits are available under the plan or the failure to provide the covered care in accordance with applicable quality standards.

(ii) The organization, or agent or other entity acting on the organization's behalf, materially misrepresented the plan's provisions in marketing the plan to the individual.

(F) The individual meets other exceptional conditions as the secretary may provide.

(3) The individual is 65 years of age or older, is enrolled with a Program of All-Inclusive Care for the Elderly (PACE) provider under Section 1894 of the Social Security Act, and circumstances similar to those described in paragraph (2) exist that would permit discontinuance of the individual's enrollment with the provider, if the individual were enrolled in a Medicare Advantage plan.

(4) The individual meets both of the following conditions:

(A) The individual is enrolled with any of the following:

(i) An eligible organization under a contract under Section 1876 of the Social Security Act (Medicare cost).

(ii) A similar organization operating under demonstration project authority, effective for periods before April 1, 1999.

(iii) An organization under an agreement under Section 1833(a)(1)(A) of the Social Security Act (health care prepayment plan).

(iv) An organization under a Medicare Select policy.

(B) The enrollment ceases under the same circumstances that would permit discontinuance of an individual's election of coverage under paragraph (2) or (3).

(5) The individual is enrolled under a Medicare supplement contract, and the enrollment ceases because of any of the following circumstances:

(A) The insolvency of the issuer or bankruptcy of the nonissuer organization, or other involuntary termination of coverage or enrollment under the contract.

(B) The issuer of the contract substantially violated a material provision of the contract.

(C) The issuer, or an agent or other entity acting on the issuer's behalf, materially misrepresented the contract's provisions in marketing the contract to the individual.

(6) The individual meets both of the following conditions:

(A) The individual was enrolled under a Medicare supplement contract and terminates enrollment and subsequently enrolls, for the first time, with any Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C, any eligible organization under a contract under Section 1876 of the Social Security Act (Medicare cost), any similar organization operating under demonstration project authority, any PACE provider under Section 1894 of the Social Security Act, or a Medicare Select policy.

(B) The subsequent enrollment under subparagraph (A) is terminated by the individual during any period within the first 12 months of the subsequent enrollment (during which the enrollee is permitted to terminate the subsequent enrollment under Section 1851(e) of the federal Social Security Act).

(7) The individual upon first becoming eligible for benefits under Medicare Part A at age 65 years of age, enrolls in a Medicare Advantage plan under Medicare Part C or with a PACE provider under Section 1894 of the Social Security Act, and disenrolls from the plan or program not later than 12 months after the effective date of enrollment.

(8) The individual while enrolled under a Medicare supplement contract that covers outpatient prescription drugs enrolls in a Medicare Part D plan during the initial enrollment period, terminates enrollment in the Medicare supplement contract, and submits evidence of enrollment in Medicare Part D along with the application for a contract described in paragraph (4) of subdivision (e).

(c) (1) In the case of an individual described in paragraph (1) of subdivision (b), the guaranteed issue period begins on the later of the following two dates and ends on the date that is 63 days after the date the applicable coverage terminated:

(A) The date the individual receives a notice of termination or cessation of all supplemental health benefits or, if no notice is received, the date of the notice denying a claim because of a termination or cessation of benefits.

(B) The date that the applicable coverage terminates or ceases.

(2) In the case of an individual described in paragraphs (2), (3), (4), (6), and (7) of subdivision (b) whose enrollment is terminated involuntarily, the guaranteed issue period begins on the date that the individual receives a notice of termination and ends 63 days after the date the applicable coverage is terminated.

(3) In the case of an individual described in subparagraph (A) of paragraph (5) of subdivision (b), the guaranteed issue period begins on the earlier of the following two dates and ends on the date that is 63 days after the date the coverage is terminated:

(A) The date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other similar notice if any.

(B) The date that the applicable coverage is terminated.

(4) In the case of an individual described in paragraph (2), (3), (6), or (7) of, or in subparagraph (B) or (C) of paragraph (5) of, subdivision (b) who disenrolls voluntarily, the guaranteed issue period begins on the date that is 60 days before the effective date of the disenrollment and ends on the date that is 63 days after the effective date of the disenrollment.

(5) In the case of an individual described in paragraph (8) of subdivision (b), the guaranteed issue period begins on the date the individual receives notice pursuant to Section 1882(v)(2)(B) of the Social Security Act from the Medicare supplement issuer during the 60-day period immediately preceding the initial enrollment period for Medicare Part D and ends on the date that is 63 days after the effective date of the individual's coverage under Medicare Part D.

(6) In the case of an individual described in subdivision (b) who is not included in this subdivision, the guaranteed issue period begins on the effective date of disenrollment and ends on the date that is 63 days after the effective date of disenrollment.

(d) (1) In the case of an individual described in paragraph (6) of subdivision (b), or deemed to be so described pursuant to this paragraph, whose enrollment with an organization or provider described in subparagraph (A) of paragraph (6) of subdivision (b) is involuntarily terminated within the first 12 months of enrollment and who, without an intervening enrollment, enrolls with another such organization or provider, the subsequent enrollment shall be deemed to be an initial enrollment described in paragraph (6) of subdivision (b).

(2) In the case of an individual described in paragraph (7) of subdivision (b), or deemed to be so described pursuant to this paragraph, whose enrollment with a plan or in a program described in paragraph (7) of subdivision (b) is involuntarily terminated within the first 12 months of enrollment and who, without an intervening enrollment, enrolls in another such plan or program, the subsequent enrollment shall be deemed to be an initial enrollment described in paragraph (7) of subdivision (b).

(3) For purposes of paragraphs (6) and (7) of subdivision (b), an enrollment of an individual with an organization or provider described

in subparagraph (A) of paragraph (6) of subdivision (b), or with a plan or in a program described in paragraph (7) of subdivision (b) shall not be deemed to be an initial enrollment under this paragraph after the two-year period beginning on the date on which the individual first enrolled with such an organization, provider, plan, or program.

(e) (1) Under paragraphs (1), (2), (3), (4), and (5) of subdivision (b), an eligible individual is entitled to a Medicare supplement contract that has a benefit package classified as Plan A, B, C, F (including a high deductible Plan F), K, or L offered by any issuer.

(2) (A) Under paragraph (6) of subdivision (b), an eligible individual is entitled to the same Medicare supplement contract in which he or she was most recently enrolled, if available from the same issuer. If that contract is not available, the eligible individual is entitled to a Medicare supplement contract that has a benefit package classified as Plan A, B, C, F (including a high deductible Plan F), K, or L offered by any issuer.

(B) On and after January 1, 2006, an eligible individual described in this paragraph who was most recently enrolled in a Medicare supplement contract with an outpatient prescription drug benefit, is entitled to a Medicare supplement contract that is available from the same issuer but without an outpatient prescription drug benefit or, at the election of the individual, has a benefit package classified as a Plan A, B, C, F (including high deductible Plan F), K, or L that is offered by any issuer.

(3) Under paragraph (7) of subdivision (b), an eligible individual is entitled to any Medicare supplement contract offered by any issuer.

(4) Under paragraph (8) of subdivision (b), an eligible individual is entitled to a Medicare supplement contract that has a benefit package classified as Plan A, B, C, F (including a high deductible Plan F), K, or L and that is offered and is available for issuance to a new enrollee by the same issuer that issued the individual's Medicare supplement contract with outpatient prescription drug coverage.

(f) (1) At the time of an event described in subdivision (b) by which an individual loses coverage or benefits due to the termination of a contract or agreement, policy, or plan, the organization that terminates the contract or agreement, the issuer terminating the policy or contract, or the administrator of the plan being terminated, respectively, shall notify the individual of his or her rights under this section and of the obligations of issuers of Medicare supplement contracts under subdivision (a). The notice shall be communicated contemporaneously with the notification of termination.

(2) At the time of an event described in subdivision (b) by which an individual ceases enrollment under a contract or agreement, policy, or plan, the organization that offers the contract or agreement, regardless of the basis for the cessation of enrollment, the issuer offering the policy

or contract, or the administrator of the plan, respectively, shall notify the individual of his or her rights under this section, and of the obligations of issuers of Medicare supplement contracts under subdivision (a). The notice shall be communicated within 10 working days of the date the issuer received notification of disenrollment.

(g) An issuer shall refund any unearned premium that an enrollee or subscriber paid in advance and shall terminate coverage upon the request of an enrollee or subscriber.

SEC. 10. Section 1358.14 of the Health and Safety Code is amended to read:

1358.14. (a) (1) (A) With respect to loss ratio standards, a Medicare supplement contract shall not be advertised, solicited, or issued for delivery unless the contract can be expected, as estimated for the entire period for which prepaid or periodic charges are computed to provide coverage, to return to subscribers and enrollees in the form of aggregate benefits under the contract, not including anticipated refunds or credits provided under the contract, at least 75 percent of the aggregate amount of charges earned in the case of group contracts, or at least 65 percent of the aggregate amount of charges earned in the case of individual contracts, on the basis of incurred claims or costs of health care services experience and earned prepaid or periodic charges for that period and in accordance with accepted actuarial principles and practices.

(B) Loss ratio standards shall be calculated on the basis of incurred health care expenses where coverage is provided by a health care service plan on a service rather than reimbursement basis, and earned prepaid or periodic charges shall be calculated for the period and in accordance with accepted actuarial principles and practices. Incurred health care expenses where coverage is provided by a health care service plan shall not include any of the following:

(i) Home office and overhead costs.

(ii) Advertising costs.

(iii) Commissions and other acquisition costs.

(iv) Taxes.

(v) Capital costs.

(vi) Administrative costs.

(vii) Claims processing costs.

(2) All filings of rates and rating schedules shall demonstrate that expected claims in relation to prepaid or periodic charges comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards.

(3) For purposes of applying paragraph (1) of subdivision (a) and paragraph (3) of subdivision (d) of Section 1358.15 only, contracts issued as a result of solicitations of individuals through the mail or by mass media advertising, including both print and broadcast advertising, shall be deemed to be individual contracts.

(b) (1) With respect to refund or credit calculations, an issuer shall collect and file with the director by May 31 of each year the data contained in the applicable reporting form required by the director (NAIC Appendix A) for each type of coverage in a standard Medicare supplement benefit plan.

(2) If on the basis of the experience as reported the benchmark ratio since inception (ratio 1) exceeds the adjusted experience ratio since inception (ratio 3), then a refund or credit calculation is required. The refund calculation shall be done on a statewide basis for each type of contract offered by the issuer. For purposes of the refund or credit calculation, experience on contracts issued within the reporting year shall be excluded.

(3) For the purposes of this section, with respect to contracts advertised, solicited, or issued for delivery prior to January 1, 2001, the issuer shall make the refund or credit calculation separately for all individual contracts, including all group contracts subject to an individual loss ratio standard when issued, combined and all other group contracts combined for experience after January 1, 2001. The first report pursuant to paragraph (1) shall be due by May 31, 2003.

(4) A refund or credit shall be made only when the benchmark loss ratio exceeds the adjusted experience loss ratio and the amount to be refunded or credited exceeds ten dollars ($10). The refund shall include interest from the end of the calendar year to the date of the refund or credit at a rate specified by the secretary, but in no event shall it be less than the average rate of interest for 13-week Treasury notes. A refund or credit against prepaid or periodic charges due shall be made by September 30 following the experience year upon which the refund or credit is based.

(c) An issuer of Medicare supplement contracts shall file annually its prepaid or periodic charges and supporting documentation including ratios of incurred losses to earned prepaid or periodic charges by contract duration for approval by the director in accordance with the filing requirements and procedures prescribed by the director. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which charges are computed. The demonstration shall exclude active life reserves. An expected third-year loss ratio that is greater than or

equal to the applicable percentage shall be demonstrated for contracts in force less than three years.

As soon as practicable, but prior to the effective date of enhancements in Medicare benefits, every issuer of Medicare supplement contracts shall file with the director, in accordance with applicable filing procedures, all of the following:

(1) (A) Appropriate prepaid or periodic charge adjustments necessary to produce loss ratios as anticipated for the current charge for the applicable contracts. The supporting documents necessary to justify the adjustment shall accompany the filing.

(B) An issuer shall make prepaid or periodic charge adjustments necessary to produce an expected loss ratio under the contract to conform to minimum loss ratio standards for Medicare supplement contracts and that are expected to result in a loss ratio at least as great as that originally anticipated in the rates used to produce current charges by the issuer for the Medicare supplement contracts. No charge adjustment that would modify the loss ratio experience under the contract other than the adjustments described in this section shall be made with respect to a contract at any time other than upon its renewal date or anniversary date.

(C) If an issuer fails to make prepaid or periodic charge adjustments acceptable to the director, the director may order charge adjustments, refunds, or credits deemed necessary to achieve the loss ratio required by this section.

(2) Any appropriate contract amendments needed to accomplish the Medicare supplement contract modifications necessary to eliminate benefit duplications with Medicare. The contract amendments shall provide a clear description of the Medicare supplement benefits provided by the contract.

(d) (1) The director may conduct a public hearing to gather information concerning a request by an issuer for an increase in a rate for a contract form issued before or after the effective date of January 1, 2001, if the experience of the form for the previous reporting period is not in compliance with the applicable loss ratio standard. The determination of compliance is made without consideration of any refund or credit for the reporting period. Public notice of the hearing shall be furnished in a manner deemed appropriate by the director.

(2) The director may conduct a public hearing to gather information if the experience of the form filed under paragraph (1) of subdivision (b) for the previous reporting period is not in compliance with the applicable loss ratio standard.

The determination of compliance is made without consideration of any refund or credit for the reporting period. Public notice of the hearing shall be furnished in a manner deemed appropriate by the director.

SEC. 11. Section 1358.15 of the Health and Safety Code is amended to read:

1358.15. (a) An issuer shall not advertise, solicit, or issue for delivery a Medicare supplement contract to a resident of this state unless the contract has been filed with and approved by the director in accordance with filing requirements and procedures prescribed by the director. Until January 1, 2001, or 90 days after approval of Medicare supplement contracts submitted for approval pursuant to this section, whichever is later, issuers may continue to offer and market previously approved Medicare supplement contracts.

(b) An issuer shall file any riders or amendments to contract forms to delete outpatient prescription drug benefits, as required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173), only in the state where the contract was issued.

(c) An issuer shall not use or change prepaid or periodic charges for a Medicare supplement contract unless the charges and supporting documentation have been filed with and approved by the director in accordance with the filing requirements and procedures prescribed by the director.

(d) (1) Except as provided in paragraph (2), an issuer shall not file for approval more than one contract of each type for each standard Medicare supplement benefit plan.

(2) An issuer may offer, with the approval of the director, up to four additional contracts of the same type for the same standard Medicare supplement benefit plan, one for each of the following cases:

(A) The inclusion of new or innovative benefits.

(B) The addition of either direct response or agent marketing methods.

(C) The addition of either guaranteed issue or underwritten coverage.

(D) The offering of coverage to individuals eligible for Medicare by reason of disability.

(3) For the purposes of this section, a "type" means an individual contract, a group contract, an individual Medicare Select contract, or a group Medicare Select contract.

(e) (1) Except as provided in subdivision (a), an issuer shall continue to make available for purchase any contract issued after January 1, 2001, that has been approved by the director. A contract shall not be considered to be available for purchase unless the issuer has actively offered it for sale in the previous 12 months.

(A) An issuer may discontinue the availability of a contract if the issuer provides to the director in writing its decision at least 30 days prior to discontinuing the availability of the form of the contract. After receipt of the notice by the director, the issuer shall no longer offer for sale the contract in this state.

(B) An issuer that discontinues the availability of a contract pursuant to subparagraph (A) shall not file for approval a new contract of the same type for the same standard Medicare supplement benefit plan as the discontinued contract for a period of five years after the issuer provides notice to the director of the discontinuance. The period of discontinuance may be reduced if the director determines that a shorter period is appropriate.

(2) The sale or other transfer of Medicare supplement business to another issuer shall be considered a discontinuance for the purposes of this section.

(3) A change in the rating structure or methodology shall be considered a discontinuance under paragraph (1) unless the issuer complies with the following requirements:

(A) The issuer provides an actuarial memorandum, in a form and manner prescribed by the director, describing the manner in which the revised rating methodology and resultant rates differ from the existing rating methodology and existing rates.

(B) The issuer does not subsequently put into effect a change of rates or rating factors that would cause the percentage differential between the discontinued and subsequent rates as described in the actuarial memorandum to change. The director may approve a change to the differential that is in the public interest.

(f) (1) Except as provided in paragraph (2), the experience of all contracts of the same type in a standard Medicare supplement benefit plan shall be combined for purposes of the refund or credit calculation prescribed in Section 1358.14.

(2) Contracts assumed under an assumption reinsurance agreement shall not be combined with the experience of other contracts for purposes of the refund or credit calculation.

(g) A Medicare supplement contract shall be deemed not to be fair, just, or consistent with the objectives of this chapter at all times, and shall not be advertised, solicited, or issued for delivery at any time, except during that period of time, if any, beginning with the date of receipt by the plan of notification by the director that the provisions of the contract are deemed to be fair, just, and consistent with the objectives of this chapter, and ending with the earlier to occur of the events indicated in subdivision (h).

(h) The period of time indicated in subdivision (g) shall terminate at the earlier to occur of (1) receipt by the plan of written revocation by the director of the immediate past notification referred to in subdivision (g) specifying the basis for the revocation, (2) the last day of the prepaid or periodic charge calculation period, that in no event may exceed one year, or (3) June 30, of the next succeeding calendar year.

(i) An issuer shall secure the director's review of a contract subject to this article by submitting, not less than 30 days prior to any proposed advertising or other use of the contract not already protected by a currently effective notice under subdivision (g), the following for the director's review:

(1) A copy of the contract.

(2) A copy of the disclosure form.

(3) A representation that the contract complies with the provisions of this chapter and the rules adopted thereunder.

(4) A completed copy of the "Medicare Supplement Health Care Service Plan Contract Experience Exhibit" set forth in Section 1358.145.

(5) A copy of the calculations for the actual or expected loss ratio.

(6) Supporting data used in calculating the actual or expected loss ratio as indicated in Section 1358.14.

(7) An actuarial certification, as specified in Section 1358.14, of the loss ratio computations.

(8) If required by the director, actuarial certification, as specified in Section 1358.14, of the loss ratio computations by one or more unaffiliated actuaries acceptable to the director.

(9) An undertaking by the issuer to notify the subscribers in writing within 60 days of decertification, if the contract is identified as a certified contract at the time of sale and later decertified.

(10) A signed statement of the president of the issuer or other officer of the issuer designated by that person attesting that the information submitted for review is accurate and complete and does not misrepresent any material fact.

(j) An issuer that submits information pursuant to subdivision (i) shall provide any additional information as may be requested by the director to enable the director to conclude that the contract complies with the provisions of this chapter and rules adopted thereunder.

(k) For the purposes of this section, the term "decertified," as applied to a contract, means that the director by written notice has found that the contract no longer complies with the provisions of this chapter and the rules adopted thereunder and has revoked the prior authorization to display on the contract the emblem indicating certification.

(*l*) Benefits designed to cover cost-sharing amounts under Medicare will be changed automatically to coincide with any changes in the applicable Medicare deductible amount and copayment percentage factors and the amount of prepaid charges may be modified, as indicated in paragraph (6) of subdivision (a) of Section 1300.67.4 of Title 28 of the California Code of Regulations, to correspond with those changes.

SEC. 12 Section 1358.16 of the Health and Safety Code is amended to read:

1358.16. (a) An issuer or other entity may provide a commission or other compensation to a solicitor or other representative for the sale of a Medicare supplement contract only if the first year commission or other first year compensation is no more than 200 percent of the commission or other compensation paid for selling or servicing the contract in the second year or period.

(b) The commission or other compensation provided in subsequent renewal years shall be the same as that provided in the second year or period and shall be provided for no fewer than five renewal years.

(c) No issuer shall provide compensation to a solicitor or solicitor firm, and no solicitor or solicitor firm shall receive compensation, greater than the renewal compensation payable by the replacing issuer on renewal contracts if an existing contract is replaced.

(d) For purposes of this section, "commission" or "compensation" includes pecuniary or nonpecuniary remuneration of any kind relating to the sale or renewal of the contract, including, but not limited to, bonuses, gifts, prizes, awards, and finders' fees.

SEC. 13. Section 1358.17 of the Health and Safety Code is amended to read:

1358.17. (a) (1) Medicare supplement contracts shall include a renewal or continuation provision. The language or specifications of the provision shall be consistent with subdivision (a) of Section 1365 and the rules adopted thereunder. The provision shall be appropriately captioned and shall appear on the first page of the contract, and shall include any reservation by the issuer of the right to change prepaid or periodic charges and any automatic renewal increases based on the enrollee's age.

(2) The contract shall contain the provisions required to be set forth by Section 1300.67.4 of Title 28 of the California Code of Regulations.

(b) (1) Except for contract amendments by which the issuer effectuates a request made in writing by the enrollee, exercises a specifically reserved right under a Medicare supplement contract, or is required to reduce or eliminate benefits to avoid duplication of Medicare benefits, all amendments to a Medicare supplement contract after the date of issue or upon reinstatement or renewal that reduce or eliminate benefits or coverage in the contract shall require a signed acceptance by the subscriber. After the date of contract issue, any amendment that increases benefits or coverage with a concomitant increase in prepaid or periodic charges during the contract term shall be agreed to in writing signed by the subscriber, unless the benefits are required by the minimum standards for Medicare supplement contracts, or if the increased benefits or coverage is required by law. If a separate additional charge is made

for benefits provided in connection with contract amendments, the charge shall be set forth in the contract.

(2) An issuer shall not in any way reduce or eliminate any benefit or coverage under a Medicare supplement contract at any time after the date of entering the contract, including dates of reinstatement or renewal, unless and until the change is voluntarily agreed to in writing signed by the subscriber or enrollee, or is required to reduce or eliminate benefits to avoid duplication of Medicare benefits. The issuer shall not increase benefits or coverage with a concomitant increase in prepaid or periodic charges during the term of the contract unless and until the change is voluntarily agreed to in writing signed by the subscriber or enrollee or unless the increased benefits or coverage is required by law or regulation.

(c) Medicare supplement contracts shall not provide for the payment of benefits based on standards described as "usual and customary," "reasonable and customary," or words of similar import.

(d) If a Medicare supplement contract contains any limitations with respect to preexisting conditions, those limitations shall appear as a separate paragraph of the contract and be labeled as "Preexisting Condition Limitations."

(e) (1) Medicare supplement contracts shall have a notice prominently printed in no less than 10-point uppercase type, on the cover page of the contract or attached thereto stating that the applicant shall have the right to return the contract within 30 days of its receipt via regular mail, and to have any charges refunded in a timely manner if, after examination of the contract, the covered person is not satisfied for any reason. The return shall void the contract from the beginning, and the parties shall be in the same position as if no contract had been issued.

(2) For purposes of this section, a timely manner shall be no later than 30 days after the issuer receives the returned contract.

(3) If the issuer fails to refund all prepaid or periodic charges paid in a timely manner, then the applicant shall receive interest on the paid charges at the legal rate of interest on judgments as provided in Section 685.010 of the Code of Civil Procedure. The interest shall be paid from the date the issuer received the returned contract.

(f) (1) Issuers of health care service plan contracts that provide hospital or medical expense coverage on an expense incurred or indemnity basis to persons eligible for Medicare shall provide to those applicants a guide to health insurance for people with Medicare in the form developed jointly by the National Association of Insurance Commissioners and the Centers for Medicare and Medicaid Services and in a type size no smaller than 12-point type. Delivery of the guide shall be made whether or not the contracts are advertised, solicited, or issued for delivery as Medicare supplement contracts as defined in this

article. Except in the case of direct response issuers, delivery of the guide shall be made to the applicant at the time of application, and acknowledgment of receipt of the guide shall be obtained by the issuer. Direct response issuers shall deliver the guide to the applicant upon request, but not later than at the time the contract is delivered.

(2) For the purposes of this section, "form" means the language, format, type size, type proportional spacing, bold character, and line spacing.

(g) As soon as practicable, but no later than 30 days prior to the annual effective date of any Medicare benefit changes, an issuer shall notify its enrollees and subscribers of modifications it has made to Medicare supplement contracts in a format acceptable to the director. The notice shall include both of the following:

(1) A description of revisions to the Medicare Program and a description of each modification made to the coverage provided under the Medicare supplement contract.

(2) Inform each enrollee as to when any adjustment in prepaid or periodic charges is to be made due to changes in Medicare.

(h) The notice of benefit modifications and any adjustments of prepaid or periodic charges shall be in outline form and in clear and simple terms so as to facilitate comprehension.

(i) The notices shall not contain or be accompanied by any solicitation.

(j) (1) Issuers shall provide an outline of coverage to all applicants at the time application is presented to the prospective applicant and, except for direct response policies, shall obtain an acknowledgment of receipt of the outline from the applicant. If an outline of coverage is provided at the time of application and the Medicare supplement contract is issued on a basis which would require revision of the outline, a substitute outline of coverage properly describing the contract shall accompany the contract when it is delivered and contain the following statement, in no less than 12-point type, immediately above the company name:

"NOTICE: Read this outline of coverage carefully. It is not identical to the outline of coverage provided upon application and the coverage originally applied for has not been issued."

(2) The outline of coverage provided to applicants pursuant to this section consists of four parts: a cover page, information about prepaid or periodic charges, disclosure pages, and charts displaying the features of each benefit plan offered by the issuer. The outline of coverage shall be in the language and format prescribed below in no less than 12-point type. All benefit plans A-L shall be shown on the cover page, and the

plans that are offered by the issuer shall be prominently identified. Information about prepaid or periodic charges for plans that are offered shall be shown on the cover page or immediately following the cover page and shall be prominently displayed. The charge and mode shall be stated for all plans that are offered to the prospective applicant. All possible charges for the prospective applicant shall be illustrated.

(3) The disclosure pages shall be in the language and format described below in no less than 12-point type.

INFORMATION ABOUT PREPAID OR PERIODIC CHARGES

[Insert plan's name] can only raise your charges if it raises the charge for all contracts like yours in this state. [If the charge is based on the increasing age of the enrollee, include information specifying when charges will change.]

DISCLOSURES

Use this outline to compare benefits and charges among policies.

READ YOUR POLICY VERY CAREFULLY

This is only an outline describing the most important features of your Medicare supplement plan contract. This is not the plan contract and only the actual contract provisions will control. You must read the contract itself to understand all of the rights and duties of both you and [insert the health care service plan's name].

RIGHT TO RETURN POLICY

If you find that you are not satisfied with your contract, you may return it to [insert plan's address]. If you send the contract back to us within 30 days after you receive it, we will treat the contract as if it had never been issued and return all of your payments.

POLICY REPLACEMENT

If you are replacing other health coverage, do NOT cancel it until you have actually received your new contract and are sure you want to keep it.

NOTICE

This contract may not fully cover all of your medical costs. Neither [insert the health care service plan's name] nor its agents are connected with Medicare.

This outline of coverage does not give all the details of Medicare coverage. Contact your local social security office or consult "The Medicare Handbook" for further details and limitations applicable to Medicare.

COMPLETE ANSWERS ARE VERY IMPORTANT

When you fill out the application for the new contract, be sure to answer truthfully and completely all questions about your medical and health history. The company may cancel your contract and refuse to pay any claims if you leave out or falsify important medical information. [If the contract is guaranteed issue, this paragraph need not appear.] Review the application carefully before you sign it. Be certain that all information has been properly recorded. [The charts displaying the features of each benefit plan offered by the issuer shall use the uniform format and language shown in the charts set forth in Section 17 of the Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act, as most recently adopted by the National Association of Insurance Commissioners. No more than four benefit plans may be shown on one chart. For purposes of illustration, charts for each benefit plan are set forth below. An issuer may use additional benefit plan designations on these charts.]

[Include an explanation of any innovative benefits on the cover page and in the chart, in a manner approved by the director.]

(k) Notwithstanding Section 1300.63.2 of Title 28 of the California Code of Regulations, no issuer shall combine the evidence of coverage and disclosure form into a single document relating to a contract that supplements Medicare, or is advertised or represented as a supplement to Medicare, with hospital or medical coverage.

(*l*) The director may adopt regulations to implement this article, including, but not limited to, regulations that specify the required information to be contained in the outline of coverage provided to applicants pursuant to this section, including the format of tables, charts, and other information.

(m) (1) Any health care service plan contract, other than a Medicare supplement contract, a contract issued pursuant to a contract under Section 1876 of the federal Social Security Act (42 U.S.C. Sec. 1395 et

seq.), a disability income policy, or any other contract identified in subdivision (b) of Section 1358.3, issued for delivery in this state to persons eligible for Medicare, shall notify enrollees under the contract that the contract is not a Medicare supplement contract. The notice shall either be printed or attached to the first page of the outline of coverage delivered to enrollees under the contract, or if no outline of coverage is delivered, to the first page of the contract delivered to enrollees. The notice shall be in no less than 12-point type and shall contain the following language:

"THIS CONTRACT IS NOT A MEDICARE SUPPLEMENT. If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare available from the company."

(2) Applications provided to persons eligible for Medicare for the health insurance contracts described in paragraph (1) shall disclose the extent to which the contract duplicates Medicare in a manner required by the director. The disclosure statement shall be provided as a part of, or together with, the application for the contract.

(n) A Medicare supplement contract that does not cover custodial care shall, on the cover page of the outline of coverages, contain the following statement in uppercase type: "THIS POLICY DOES NOT COVER CUSTODIAL CARE IN A SKILLED NURSING CARE FACILITY."

(o) An issuer shall comply with all notice requirements of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173).

SEC. 14. Section 1358.18 of the Health and Safety Code is amended to read:

1358.18. In the interest of full and fair disclosure, and to assure the availability of necessary consumer information to potential subscribers or enrollees not possessing a special knowledge of Medicare, health care service plans, or Medicare supplement contracts, an issuer shall comply with the following provisions:

(a) Application forms shall include the following questions designed to elicit information as to whether, as of the date of the application, the applicant currently has Medicare supplement, Medicare Advantage, Medi-Cal coverage, or another health insurance policy or certificate or plan contract in force or whether a Medicare supplement contract is intended to replace any other disability policy or certificate, or plan contract, presently in force. A supplementary application or other form to be signed by the applicant and solicitor containing those questions and statements may be used.

"(Statements)

(1) You do not need more than one Medicare supplement policy or contract.

(2) If you purchase this contract, you may want to evaluate your existing health coverage and decide if you need multiple coverages.

(3) You may be eligible for benefits under Medi-Cal or Medicaid and may not need a Medicare supplement contract.

(4) If after purchasing this contract you become eligible for Medi-Cal, the benefits and premiums under your Medicare supplement contract can be suspended, if requested, during your entitlement to benefits under Medi-Cal or Medicaid for 24 months. You must request this suspension within 90 days of becoming eligible for Medi-Cal or Medicaid. If you are no longer entitled to Medi-Cal or Medicaid, your suspended Medicare supplement contract or if that is no longer available, a substantially equivalent contract, will be reinstituted if requested within 90 days of losing Medi-Cal or Medicaid eligibility. If the Medicare supplement contract provided coverage for outpatient prescription drugs and you enrolled in Medicare Part D while your contract was suspended, the reinstituted contract will not have outpatient prescription drug coverage, but will otherwise be substantially equivalent to your coverage before the date of the suspension.

(5) If you are eligible for, and have enrolled in, a Medicare supplement contract by reason of disability and you later become covered by an employer or union-based group health plan, the benefits and premiums under your Medicare supplement contract can be suspended, if requested, while you are covered under the employer or union-based group health plan. If you suspend your Medicare supplement contract under these circumstances and later lose your employer or union-based group health plan, your suspended Medicare supplement contract or if that is no longer available, a substantially equivalent contract, will be reinstituted if requested within 90 days of losing your employer or union-based group health plan. If the Medicare supplement contract provided coverage for outpatient prescription drugs and you enrolled in Medicare Part D while your contract was suspended, the reinstituted contract will not have outpatient prescription drug coverage, but will otherwise be substantially equivalent to your coverage before the date of the suspension.

(6) Counseling services are available in this state to provide advice concerning your purchase of Medicare supplement coverage and concerning medical assistance through the Medi-Cal or Medicaid Program, including benefits as a qualified Medicare beneficiary (QMB) and a specified low-income Medicare beneficiary (SLMB). Information

regarding counseling services may be obtained from the California Department of Aging.

(Questions)

If you lost or are losing other health insurance coverage and received a notice from your prior insurer saying you were eligible for guaranteed issue of a Medicare supplement insurance contract or that you had certain rights to buy such a contract, you may be guaranteed acceptance in one or more of our Medicare supplement plans. Please include a copy of the notice from your prior insurer with your application. PLEASE ANSWER ALL QUESTIONS.

[Please mark Yes or No below with an "X."]

To the best of your knowledge,

(1) (a) Did you turn 65 years of age in the last 6 months?

Yes____ No____

(b) Did you enroll in Medicare Part B in the last 6 months?

Yes____ No____

(c) If yes, what is the effective date? _____

(2) Are you covered for medical assistance through California's Medi-Cal program?

NOTE TO APPLICANT: If you have a share of cost under the Medi-Cal program, please answer NO to this question.

Yes____ No____

If yes,

(a) Will Medi-Cal pay your premiums for this Medicare supplement contract?

Yes____ No____

(b) Do you receive benefits from Medi-Cal OTHER THAN payments toward your Medicare Part B premium?

Yes____ No____

(3) (a) If you had coverage from any Medicare plan other than original Medicare within the past 63 days (for example, a Medicare Advantage plan or a Medicare HMO or PPO), fill in your start and end dates below. If you are still covered under this plan, leave "END" blank.

START __/__/__ END __/__/__

(b) If you are still covered under the Medicare plan, do you intend to replace your current coverage with this new Medicare supplement contract?

Yes____ No____

(c) Was this your first time in this type of Medicare plan?

Yes____ No____

(d) Did you drop a Medicare supplement contract to enroll in the Medicare plan?

Yes____ No____

(4) (a) Do you have another Medicare supplement policy or certificate or contract in force?

Yes____ No____

(b) If so, with what company, and what plan do you have [optional for Direct Mailers]?

Yes____ No____

(c) If so, do you intend to replace your current Medicare supplement policy or certificate or contract with this contract?

Yes____ No____

(5) Have you had coverage under any other health insurance within the past 63 days? (For example, an employer, union, or individual plan)

Yes____ No____

(a) If so, with what companies and what kind of policy?

_____

_____

_____

_____

(b) What are your dates of coverage under the other policy?

START __/__/__ END __/__/__

(If you are still covered under the other policy, leave "END" blank).

(b) Solicitors shall list any other health insurance policies or plan contracts they have sold to the applicant as follows:

(1) List policies and contracts sold that are still in force.

(2) List policies and contracts sold in the past five years that are no longer in force.

(c) An issuer issuing Medicare supplement contracts without a solicitor or solicitor firm (a direct response issuer) shall return to the applicant, upon delivery of the contract, a copy of the application or supplemental forms, signed by the applicant and acknowledged by the issuer.

(d) Upon determining that a sale will involve replacement of Medicare supplement coverage, any issuer, other than a direct response issuer, or its agent, shall furnish the applicant, prior to issuance for delivery of the Medicare supplement contract, a notice regarding replacement of Medicare supplement coverage. One copy of the notice signed by the applicant and the agent, except where the coverage is sold without an agent, shall be provided to the applicant and an additional signed copy shall be retained by the issuer. A direct response issuer shall deliver to the applicant at the time of the issuance of the contract the notice regarding replacement of Medicare supplement coverage.

(e) The notice required by subdivision (d) for an issuer shall be provided in substantially the following form in no less than 10-point type:

NOTICE TO APPLICANT REGARDING REPLACEMENT OF MEDICARE SUPPLEMENT COVERAGE OR MEDICARE ADVANTAGE
(Company name and address)

SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE

According to [your application] [information you have furnished], you intend to lapse or otherwise terminate an existing Medicare supplement policy or contract or Medicare Advantage plan and replace it with a contract to be issued by [Plan Name]. Your contract to be issued by [Plan Name] will provide 30 days within which you may decide without cost whether you desire to keep the contract. You should review this new coverage carefully. Compare it with all accident and sickness coverage you now have. Terminate your present policy or contract only if, after due consideration, you find that purchase of this Medicare supplement coverage is a wise decision.

STATEMENT TO APPLICANT BY PLAN, SOLICITOR, SOLICITOR FIRM, OR OTHER REPRESENTATIVE:

(1) I have reviewed your current medical or health coverage. The replacement of coverage involved in this transaction does not duplicate coverage, to the best of my knowledge. The replacement contract is being purchased for the following reason (check one):
__Additional benefits.
__No change in benefits, but lower premiums or charges.
__Fewer benefits and lower premiums or charges.
__Plan has outpatient prescription drug coverage and applicant is enrolled in Medicare Part D.
__Disenrollment from a Medicare Advantage plan. Reasons for disenrollment:
__Other. (please specify) _____

(2) You may not be immediately eligible for full coverage under the new contract. This could result in denial or delay of a claim for benefits under the new contract, whereas a similar claim might have been payable under your present policy or contract.

(3) State law provides that your replacement Medicare supplement contract may not contain new preexisting conditions, waiting periods, elimination periods, or probationary periods. The plan will waive any time periods applicable to preexisting conditions, waiting periods, elimination periods, or probationary periods in the new coverage for similar benefits to the extent that time was spent (depleted) under the original contract.

(4) If you still wish to terminate your present policy or contract and replace it with new coverage, be certain to truthfully and completely answer any and all questions on the application concerning your medical and health history. Failure to include all material medical information on an application requesting that information may provide a basis for the plan to deny any future claims and to refund your prepaid or periodic payment as though your contract had never been in force. After the application has been completed and before you sign it, review it carefully to be certain that all information has been properly recorded.

(5) Do not cancel your present Medicare supplement coverage until you have received your new contract and are sure you want to keep it.

(Signature of Solicitor, Solicitor Firm, or Other Representative)
[Typed Name and Address of Plan, Solicitor, or Solicitor Firm]

(Applicant's Signature)

(Date)

(f) The application form or other consumer information for persons eligible for Medicare and used by an issuer shall contain as an attachment a Medicare supplement buyer's guide in the form approved by the director. The application or other consumer information, containing as an attachment the buyer's guide, shall be mailed or delivered to each applicant applying for that coverage at or before the time of application and, to establish compliance with this subdivision, the issuer shall obtain an acknowledgment of receipt of the attached buyer's guide from each applicant. No issuer shall make use of or otherwise disseminate any buyer's guide that does not accurately outline current Medicare supplement benefits. No issuer shall be required to provide more than one copy of the buyer's guide to any applicant.

(g) An issuer may comply with the requirement of this section in the case of group contracts by causing the subscriber (1) to disseminate copies of the disclosure form containing as an attachment the buyer's guide to all persons eligible under the group contract at the time those

persons are offered the Medicare supplement plan, and (2) collecting and forwarding to the issuer an acknowledgment of receipt of the disclosure form containing as an attachment the buyer's guide from each enrollee.

(h) Commencing January 1, 2007, an issuer shall not require or request health information from an applicant who is guaranteed issuance of any Medicare supplement coverage or require or request the applicant to sign a form required by the federal Health Insurance Portability and Accountability Act of 1996. The application form shall include a clear and conspicuous statement that the applicant is not required to provide health information or to sign a form required by the federal Health Insurance Portability and Accountability Act of 1996 during a period of guaranteed issuance of any Medicare supplement coverage and shall inform the applicant of periods of guaranteed issuance of Medicare supplement coverage. A supplementary application or other form containing those statements that the applicant and solicitor are required to sign may be used for this purpose. This subdivision shall not prohibit an issuer from requiring proof of eligibility for a guaranteed issuance of Medicare supplement coverage.

SEC. 15. Section 1358.20 of the Health and Safety Code is amended to read:

1358.20. (a) An issuer, directly or through solicitors or other representatives, shall do each of the following:

(1) Establish marketing procedures to ensure that any comparison of Medicare supplement coverage by its solicitors or other representatives will be fair and accurate.

(2) Establish marketing procedures to ensure that excessive coverage is not sold or issued.

(3) Display prominently by type, stamp, or other appropriate means, on the first page of the outline of coverage and contract, the following:

"Notice to buyer: This Medicare supplement contract may not cover all of your medical expenses."

(4) Inquire and otherwise make every reasonable effort to identify whether a prospective applicant for a Medicare supplement contract already has health care coverage and the types and amounts of that coverage.

(5) Establish auditable procedures for verifying compliance with this subdivision.

(b) In addition to the practices prohibited by this code or any other law, the following acts and practices are prohibited:

(1) Twisting, which means knowingly making any misleading representation or incomplete or fraudulent comparison of any coverages or issuers for the purpose of inducing or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, pledge, assign, borrow on, or convert any coverage or to take out coverage with another plan or insurer.

(2) High pressure tactics, which means employing any method of marketing having the effect of or tending to induce the purchase of coverage through force, fright, threat, whether explicit or implied, or undue pressure to purchase or recommend the purchase of coverage.

(3) Cold lead advertising, which means making use directly or indirectly of any method of marketing that fails to disclose in a conspicuous manner that a purpose of the method of marketing is the solicitation of coverage and that contact will be made by a health care service plan or its representative.

(c) The terms "Medicare supplement," "Medigap," "Medicare Wrap-Around" and words of similar import shall not be used unless the contract is issued in compliance with this article.

SEC. 16. Section 1358.21 of the Health and Safety Code is amended to read:

1358.21. (a) In recommending the purchase or replacement of any Medicare supplement coverage, an issuer or its representative shall make reasonable efforts to determine the appropriateness of a recommended purchase or replacement.

(b) Any sale of a Medicare supplement contract that will provide an individual more than one Medicare supplement policy or certificate, or contract, is prohibited.

(c) An issuer shall not issue a Medicare supplement contract to an individual enrolled in Medicare Part C unless the effective date of the coverage is after the termination date of the individual's coverage under Medicare Part C.

SEC. 17. Section 10192.4 of the Insurance Code is amended to read:

10192.4. The following definitions apply for the purposes of this article:

(a) "Applicant" means:

(1) The person who seeks to contract for insurance benefits, in the case of an individual Medicare supplement policy.

(2) The proposed certificate holder, in the case of a group Medicare supplement policy.

(b) "Bankruptcy" means that situation in which a Medicare Advantage organization that is not an issuer has filed, or has had filed against it, a petition for declaration of bankruptcy and has ceased doing business in the state.

(c) "Certificate" means a certificate issued for delivery in this state under a group Medicare supplement policy.

(d) "Certificate form" means the form on which the certificate is issued for delivery by the issuer.

(e) "Continuous period of creditable coverage" means the period during which an individual was covered by creditable coverage, if during the period of the coverage the individual had no breaks in coverage greater than 63 days.

(f) (1) "Creditable coverage" means, with respect to an individual, coverage of the individual provided under any of the following:

(A) Any individual or group contract, policy, certificate, or program that is written or administered by a health care service plan, health insurer, fraternal benefits society, self-insured employer plan, or any other entity, in this state or elsewhere, and that arranges or provides medical, hospital, and surgical coverage not designed to supplement other private or governmental plans. The term includes continuation or conversion coverage.

(B) Part A or B of Title XVIII of the federal Social Security Act (Medicare).

(C) Title XIX of the federal Social Security Act (Medicaid), other than coverage consisting solely of benefits under Section 1928 of that act.

(D) Chapter 55 of Title 10 of the United States Code (CHAMPUS).

(E) A medical care program of the Indian Health Service or of a tribal organization.

(F) A state health benefits risk pool.

(G) A health plan offered under Chapter 89 of Title 5 of the United States Code (Federal Employees Health Benefits Program).

(H) A public health plan as defined in federal regulations authorized by Section 2701(c)(1)(I) of the federal Public Health Service Act, as amended by Public Law 104-191, the federal Health Insurance Portability and Accountability Act of 1996.

(I) A health benefit plan under Section 5(e) of the federal Peace Corps Act (Section 2504(e) of Title 22 of the United States Code).

(J) Any other publicly sponsored program, provided in this state or elsewhere, of medical, hospital, and surgical care.

(K) Any other creditable coverage as defined by subsection (c) of Section 2701 of Title XXVII of the federal Public Health Services Act (42 U.S.C. Sec. 300gg(c)).

(2) "Creditable coverage" shall not include one or more, or any combination of, the following:

(A) Coverage only for accident or disability income insurance, or any combination thereof.

(B) Coverage issued as a supplement to liability insurance.

(C) Liability insurance, including general liability insurance and automobile liability insurance.

(D) Workers' compensation or similar insurance.

(E) Automobile medical payment insurance.

(F) Credit-only insurance.

(G) Coverage for onsite medical clinics.

(H) Other similar insurance coverage, specified in federal regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.

(3) "Creditable coverage" shall not include the following benefits if they are provided under a separate policy, certificate, or contract of insurance or are otherwise not an integral part of the plan:

(A) Limited scope dental or vision benefits.

(B) Benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof.

(C) Other similar, limited benefits as are specified in federal regulations.

(4) "Creditable coverage" shall not include the following benefits if offered as independent, noncoordinated benefits:

(A) Coverage only for a specified disease or illness.

(B) Hospital indemnity or other fixed indemnity insurance.

(5) "Creditable coverage" shall not include the following if offered as a separate policy, certificate, or contract of insurance:

(A) Medicare supplemental health insurance as defined under Section 1882(g)(1) of the federal Social Security Act.

(B) Coverage supplemental to the coverage provided under Chapter 55 of Title 10 of the United States Code.

(C) Similar supplemental coverage provided to coverage under a group health plan.

(g) "Employee welfare benefit plan" means a plan, fund, or program of employee benefits as defined in Section 1002 of Title 29 of the United States Code (Employee Retirement Income Security Act).

(h) "Insolvency" means when an issuer, licensed to transact the business of insurance in this state, has had a final order of liquidation entered against it with a finding of insolvency by a court of competent jurisdiction in the issuer's state of domicile.

(i) "Issuer" includes insurance companies, fraternal benefit societies, and any other entity delivering, or issuing for delivery, Medicare supplement policies or certificates in this state, except entities subject to Article 3.5 (commencing with Section 1358) of Chapter 2.2 of Division 2 of the Health and Safety Code.

(j) "Medicare" means the Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965, as amended.

(k) "Medicare Advantage plan" means a plan of coverage for health benefits under Medicare Part C and includes:

(1) Coordinated care plans that provide health care services, including, but not limited to, health care service plans (with or without a point-of-service option), plans offered by provider-sponsored organizations, and preferred provider organizations plans.

(2) Medical savings account plans coupled with a contribution into a Medicare Advantage medical savings account.

(3) Medicare Advantage private fee-for-service plans.

(*l*) "Medicare supplement policy" means a group or individual policy of health insurance, other than a policy issued pursuant to a contract under Section 1876 of the federal Social Security Act (42 U.S.C. Section 1395mm) or an issued policy under a demonstration project specified in Section 1395ss(g)(1) of Title 42 of the United States Code, that is advertised, marketed, or designed primarily as a supplement to reimbursements under Medicare for the hospital, medical, or surgical expenses of persons eligible for Medicare. "Medicare supplement policy" does not include a Medicare Advantage plan established under Medicare Part C, an outpatient prescription drug plan established under Medicare Part D, or a health care prepayment plan that provides benefits pursuant to an agreement under subparagraph (A) of paragraph (1) of subsection (a) of Section 1833 of the Social Security Act.

(m) "Policy form" means the form on which the policy is issued for delivery by the issuer.

(n) "Secretary" means the Secretary of the United States Department of Health and Human Services.

SEC. 18. Section 10192.5 of the Insurance Code is amended to read:

10192.5. A policy or certificate shall not be advertised, solicited, or issued for delivery as a Medicare supplement policy or certificate unless the policy or certificate contains definitions or terms that conform to the requirements of this section.

(a) (1) "Accident," "accidental injury," or "accidental means" shall be defined to employ "result" language and shall not include words that establish an accidental means test or use words such as "external, violent, visible wounds" or other similar words of description or characterization.

(2) The definition shall not be more restrictive than the following: "injury or injuries for which benefits are provided means accidental bodily injury sustained by the insured person that is the direct result of an accident, independent of disease or bodily infirmity or any other cause, and occurs while insurance coverage is in force."

(3) The definition may provide that injuries shall not include injuries for which benefits are provided or available under any workers' compensation, employer's liability, or similar law, unless prohibited by law.

(b) "Benefit period" or "Medicare benefit period" shall not be defined more restrictively than as defined in the Medicare Program.

(c) "Convalescent nursing home," "extended care facility," or "skilled nursing facility" shall not be defined more restrictively than as defined in the Medicare Program.

(d) (1) "Health care expenses" means expenses of health maintenance organizations associated with the delivery of health care services, which expenses are analogous to incurred losses of insurers.

(2) "Health care expenses" shall not include any of the following:

(A) Home office and overhead costs.

(B) Advertising costs.

(C) Commissions and other acquisition costs.

(D) Taxes.

(E) Capital costs.

(F) Administrative costs.

(G) Claims processing costs.

(e) "Hospital" may be defined in relation to its status, facilities, and available services or to reflect its accreditation by the Joint Commission on Accreditation of Hospitals, but not more restrictively than as defined in the Medicare Program.

(f) "Medicare" shall be defined in the policy and certificate. "Medicare" may be substantially defined as "The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965, as amended," or "Title I, Part I of Public Law 89-97, as enacted by the 89th Congress and popularly known as the Health Insurance for the Aged Act, as amended," or words of similar import.

(g) "Medicare eligible expenses" shall mean expenses of the kinds covered by Medicare Parts A and B, to the extent recognized as reasonable and medically necessary by Medicare.

(h) "Physician" shall not be defined more restrictively than as defined in the Medicare Program.

(i) (1) "Sickness" shall not be defined more restrictively than as follows: "sickness means illness or disease of an insured person that first manifests itself after the effective date of insurance and while the insurance is in force."

(2) The definition may be further modified to exclude sicknesses or diseases for which benefits are provided under any workers' compensation, occupational disease, employer's liability, or similar law.

SEC. 19. Section 10192.6 of the Insurance Code is amended to read:

10192.6. (a) Except for permitted preexisting condition clauses as described in Sections 10192.7 and 10192.8, a policy or certificate shall not be advertised, solicited, or issued for delivery as a Medicare supplement policy if the policy or certificate contains limitations or exclusions on coverage that are more restrictive than those of Medicare.

(b) A Medicare supplement policy or certificate shall not use waivers to exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions.

(c) A Medicare supplement policy or certificate in force shall not contain benefits that duplicate benefits provided by Medicare.

(d) (1) Subject to paragraphs (4) and (5) of subdivision (a) of Section 10192.8, a Medicare supplement policy with benefits for outpatient prescription drugs that was issued prior to January 1, 2006, shall be renewed for current policyholders, at the option of the policyholder, who do not enroll in Medicare Part D.

(2) A Medicare supplement policy with benefits for outpatient prescription drugs shall not be issued on and after January 1, 2006.

(3) On and after January 1, 2006, a Medicare supplement policy with benefits for outpatient prescription drugs shall not be renewed after the policyholder enrolls in Medicare Part D unless both of the following conditions exist:

(A) The policy is modified to eliminate outpatient prescription drug coverage for outpatient prescription drug expenses incurred after the effective date of the individual's coverage under a Medicare Part D plan.

(B) The premium is adjusted to reflect the elimination of outpatient prescription drug coverage at the time of enrollment in Medicare Part D, accounting for any claims paid if applicable.

SEC. 20. Section 10192.8 of the Insurance Code is amended to read:

10192.8. The following standards are applicable to all Medicare supplement policies or certificates advertised, solicited, or issued for delivery on or after January 1, 2001. A policy or certificate shall not be advertised, solicited, or issued for delivery as a Medicare supplement policy or certificate unless it complies with these benefit standards.

(a) The following general standards apply to Medicare supplement policies and certificates and are in addition to all other requirements of this article:

(1) A Medicare supplement policy or certificate shall not exclude or limit benefits for losses incurred more than six months from the effective date of coverage because it involved a preexisting condition. The policy or certificate shall not define a preexisting condition more restrictively than a condition for which medical advice was given or treatment was recommended by or received from a physician within six months before the effective date of coverage.

(2) A Medicare supplement policy or certificate shall not indemnify against losses resulting from sickness on a different basis than losses resulting from accidents.

(3) A Medicare supplement policy or certificate shall provide that benefits designed to cover cost-sharing amounts under Medicare will be changed automatically to coincide with any changes in the applicable Medicare deductible amount and copayment percentage factors. Premiums may be modified to correspond with those changes.

(4) A Medicare supplement policy or certificate shall not provide for termination of coverage of a spouse solely because of the occurrence of an event specified for termination of coverage of the insured, other than the nonpayment of premium.

(5) Each Medicare supplement policy shall be guaranteed renewable or noncancelable.

(A) The issuer shall not cancel or nonrenew the policy solely on the ground of health status of the individual.

(B) The issuer shall not cancel or nonrenew the policy for any reason other than nonpayment of premium or misrepresentation which is shown by the issuer to be material to the acceptance for coverage. The contestability period for Medicare supplement insurance shall be two years.

(C) If the Medicare supplement policy is terminated by the master policyholder and is not replaced as provided under subparagraph (E), the issuer shall offer certificate holders an individual Medicare supplement policy that, at the option of the certificate holder, either provides for continuation of the benefits contained in the group policy or provides for benefits that otherwise meet the requirements of one of the standardized policies defined in this article.

(D) If an individual is a certificate holder in a group Medicare supplement policy and membership in the group is terminated, the issuer shall either offer the certificate holder the conversion opportunity described in subparagraph (C) or, at the option of the group policyholder, shall offer the certificate holder continuation of coverage under the group policy.

(E) (i) If a group Medicare supplement policy is replaced by another group Medicare supplement policy purchased by the same policyholder, the issuer of the replacement policy shall offer coverage to all persons covered under the old group policy on its date of termination. Coverage under the new policy shall not result in any exclusion for preexisting conditions that would have been covered under the group policy being replaced.

(ii) If a Medicare supplement policy or certificate replaces another Medicare supplement policy or certificate that has been in force for six

months or more, the replacing issuer shall not impose an exclusion or limitation based on a preexisting condition. If the original coverage has been in force for less than six months, the replacing issuer shall waive any time period applicable to preexisting conditions, waiting periods, elimination periods, or probationary periods in the new policy or certificate to the extent the time was spent under the original coverage.

(F) If a Medicare supplement policy eliminates an outpatient prescription drug benefit as a result of requirements imposed by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173), the policy as modified as a result of that act shall be deemed to satisfy the guaranteed renewal requirements of this paragraph.

(6) Termination of a Medicare supplement policy or certificate shall be without prejudice to any continuous loss that commenced while the policy was in force, but the extension of benefits beyond the period during which the policy was in force may be predicated upon the continuous total disability of the insured, limited to the duration of the policy benefit period, if any, or to payment of the maximum benefits. Receipt of Medicare Part D benefits shall not be considered in determining a continuous loss.

(7) (A) (i) A Medicare supplement policy or certificate shall provide that benefits and premiums under the policy or certificate shall be suspended at the request of the policyholder or certificate holder for the period, not to exceed 24 months, in which the policyholder or certificate holder has applied for and is determined to be entitled to Medi-Cal or Medicaid under Title XIX of the federal Social Security Act, but only if the policyholder or certificate holder notifies the issuer of the policy or certificate within 90 days after the date the individual becomes entitled to assistance. Upon receipt of timely notice, the insurer shall return directly to the insured that portion of the premium attributable to the period of Medi-Cal or Medicaid eligibility, subject to adjustment for paid claims. If suspension occurs and if the policyholder or certificate holder loses entitlement to Medi-Cal or Medicaid, the policy or certificate shall be automatically reinstituted, effective as of the date of termination of entitlement, as of the termination of entitlement if the policyholder or certificate holder provides notice of loss of entitlement within 90 days after the date of loss and pays the premium attributable to the period, effective as of the date of termination of entitlement, or equivalent coverage shall be provided if the prior form is no longer available.

(ii) A Medicare supplement policy or certificate shall provide that benefits and premiums under the policy or certificate shall be suspended at the request of the policyholder or certificate holder for any period that may be provided by federal regulation if the policyholder is entitled to

benefits under Section 226(b) of the Social Security Act and is covered under a group health plan, as defined in Section 1862(b)(1)(A)(v) of the Social Security Act. If suspension occurs and the policyholder or certificate holder loses coverage under the group health plan, the policy or certificate shall be automatically reinstituted, effective as of the date of loss of coverage if the policyholder provides notice within 90 days of the date of the loss of coverage.

(B) Reinstitution of coverages:

(i) Shall not provide for any waiting period with respect to treatment of preexisting conditions.

(ii) Shall provide for resumption of coverage that is substantially equivalent to coverage in effect before the date of suspension. If the suspended Medicare supplement policy provided coverage for outpatient prescription drugs, reinstitution of the policy for a Medicare Part D enrollee shall not include coverage for outpatient prescription drugs but shall otherwise provide coverage that is substantially equivalent to the coverage in effect before the date of suspension.

(iii) Shall provide for classification of premiums on terms at least as favorable to the policyholder or certificate holder as the premium classification terms that would have applied to the policyholder or certificate holder had the coverage not been suspended.

(8) No Medicare supplement policy may limit coverage exclusively to a single disease or affliction.

(b) With respect to the standards for basic (core) benefits for benefit plans A to J, inclusive, every issuer shall make available a policy or certificate including only the following basic "core" package of benefits to each prospective insured. An issuer may make available to prospective insureds any of the other Medicare supplement insurance benefit plans in addition to the basic core package, but not in lieu of it. However, the benefits described in paragraphs (6) and (7) shall not be offered so long as California is required to disallow these benefits for Medicare beneficiaries by the Centers for Medicare and Medicaid Services or other agent of the federal government under Section 1395ss of Title 42 of the United States Code.

(1) Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare from the 61st day to the 90th day, inclusive, in any Medicare benefit period.

(2) Coverage of Part A Medicare eligible expenses incurred for hospitalization to the extent not covered by Medicare for each Medicare lifetime inpatient reserve day used.

(3) Upon exhaustion of the Medicare hospital inpatient coverage including the lifetime reserve days, coverage of 100 percent of the Medicare Part A eligible expenses for hospitalization paid at the

appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days. The provider shall accept the issuer's payment as payment in full and may not bill the insured for any balance.

(4) Coverage under Medicare Parts A and B for the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells, as defined under federal regulations, unless replaced in accordance with federal regulations.

(5) Coverage for the coinsurance amount, or in the case of hospital outpatient department services, the copayment amount, of Medicare eligible expenses under Part B regardless of hospital confinement, subject to the Medicare Part B deductible.

(6) Coverage of the actual cost, up to the legally billed amount, of an annual mammogram as provided in Section 10123.81, to the extent not paid by Medicare.

(7) Coverage of the actual cost, up to the legally billed amount, of an annual cervical cancer screening test as provided in Section 10123.18, to the extent not paid by Medicare.

(c) The following additional benefits shall be included in Medicare supplement benefit plans B to J, inclusive, only as provided by Section 10192.9.

(1) With respect to the Medicare Part A deductible, coverage for all of the Medicare Part A inpatient hospital deductible amount per benefit period.

(2) With respect to skilled nursing facility care, coverage for the actual billed charges up to the coinsurance amount from the 21st day to the 100th day, inclusive, in a Medicare benefit period for posthospital skilled nursing facility care eligible under Medicare Part A.

(3) With respect to the Medicare Part B deductible, coverage for all of the Medicare Part B deductible amount per calendar year regardless of hospital confinement.

(4) With respect to 80 percent of the Medicare Part B excess charges, coverage for 80 percent of the difference between the actual Medicare Part B charge as billed, not to exceed any charge limitation established by the Medicare Program or state law, and the Medicare-approved Part B charge. If the insurer limits payment to a limiting charge, the insurer has the burden to establish that amount as the legal limit.

(5) With respect to 100 percent of the Medicare Part B excess charges, coverage for all of the difference between the actual Medicare Part B charge as billed, not to exceed any charge limitation established by the Medicare Program or state law, and the Medicare-approved Part B charge. If the insurer limits payment to a limiting charge, the insurer has the burden to establish that amount as the legal limit.

(6) With respect to the basic outpatient prescription drug benefit, coverage for 50 percent of outpatient prescription drug charges, after a two hundred fifty dollar ($250) calendar year deductible, to a maximum of one thousand two hundred fifty dollars ($1,250) in benefits received by the insured per calendar year, to the extent not covered by Medicare. On and after January 1, 2006, no Medicare supplement policy may be sold or issued if it includes a prescription drug benefit.

(7) With respect to the extended outpatient prescription drug benefit, coverage for 50 percent of outpatient prescription drug charges, after a two hundred fifty dollar ($250) calendar year deductible, to a maximum of three thousand dollars ($3,000) in benefits received by the insured per calendar year, to the extent not covered by Medicare. On and after January 1, 2006, no Medicare supplement policy may be sold or issued if it includes a prescription drug benefit.

(8) With respect to medically necessary emergency care in a foreign country, coverage to the extent not covered by Medicare for 80 percent of the billed charges for Medicare-eligible expenses for medically necessary emergency hospital, physician, and medical care received in a foreign country, which care would have been covered by Medicare if provided in the United States and which care began during the first 60 consecutive days of each trip outside the United States, subject to a calendar year deductible of two hundred fifty dollars ($250), and a lifetime maximum benefit of fifty thousand dollars ($50,000). For purposes of this benefit, "emergency care" shall mean care needed immediately because of an injury or an illness of sudden and unexpected onset.

(9) With respect to the following, reimbursement shall be for the actual charges up to 100 percent of the Medicare-approved amount for each service, as if Medicare were to cover the service as identified in American Medical Association Current Procedural Terminology (AMA CPT) codes, up to a maximum of one hundred twenty dollars ($120) annually under this benefit, however, this benefit shall not include payment for any procedure covered by Medicare:

(A) An annual clinical preventive medical history and physical examination that may include tests and services from subparagraph (B) and patient education to address preventive health care measures.

(B) The following screening tests or preventive services that are not covered by Medicare, the selection and frequency of which are determined to be medically appropriate by the attending physician:

(i) Fecal occult blood test.

(ii) Mammogram.

(C) Influenza vaccine administered at any appropriate time during the year.

(10) With respect to the at-home recovery benefit, coverage for the actual charges up to forty dollars ($40) per visit and an annual maximum of one thousand six hundred dollars ($1,600) per year to provide short-term, at-home assistance with activities of daily living for those recovering from an illness, injury, or surgery.

(A) For purposes of this benefit, the following definitions shall apply:

(i) "Activities of daily living" include, but are not limited to, bathing, dressing, personal hygiene, transferring, eating, ambulating, assistance with drugs that are normally self-administered, and changing bandages or other dressings.

(ii) "Care provider" means a duly qualified or licensed home health aide or homemaker, or a personal care aide or nurse provided through a licensed home health care agency or referred by a licensed referral agency or licensed nurses registry.

(iii) "Home" shall mean any place used by the insured as a place of residence, provided that the place would qualify as a residence for home health care services covered by Medicare. A hospital or skilled nursing facility shall not be considered the insured's place of residence.

(iv) "At-home recovery visit" means the period of a visit required to provide at-home recovery care, without any limit on the duration of the visit, except that each consecutive four hours in a 24-hour period of services provided by a care provider is one visit.

(B) With respect to coverage requirements and limitations, the following shall apply:

(i) At-home recovery services provided shall be primarily services that assist in activities of daily living.

(ii) The insured's attending physician shall certify that the specific type and frequency of at-home recovery services are necessary because of a condition for which a home care plan of treatment was approved by Medicare.

(iii) Coverage is limited to the following:

(I) No more than the number and type of at-home recovery visits certified as necessary by the insured's attending physician. The total number of at-home recovery visits shall not exceed the number of Medicare-approved home health care visits under a Medicare-approved home care plan of treatment.

(II) The actual charges for each visit up to a maximum reimbursement of forty dollars ($40) per visit.

(III) One thousand six hundred dollars ($1,600) per calendar year.

(IV) Seven visits in any one week.

(V) Care furnished on a visiting basis in the insured's home.

(VI) Services provided by a care provider as defined in subparagraph (A).

(VII) At-home recovery visits while the insured is covered under the policy or certificate and not otherwise excluded.

(VIII) At-home recovery visits received during the period the insured is receiving Medicare-approved home care services or no more than eight weeks after the service date of the last Medicare-approved home health care visit.

(C) Coverage is excluded for the following:

(i) Home care visits paid for by Medicare or other government programs.

(ii) Care provided by family members, unpaid volunteers, or providers who are not care providers.

(d) The standardized Medicare supplement benefit plan "K" shall consist of the following benefits:

(1) Coverage of 100 percent of the Medicare Part A hospital coinsurance amount for each day used from the 61st to the 90th day, inclusive, in any Medicare benefit period.

(2) Coverage of 100 percent of the Medicare Part A hospital coinsurance amount for each Medicare lifetime inpatient reserve day used from the 91st to the 150th day, inclusive, in any Medicare benefit period.

(3) Upon exhaustion of the Medicare hospital inpatient coverage, including the lifetime reserve days, coverage of 100 percent of the Medicare Part A eligible expenses for hospitalization paid at the applicable prospective payment system rate, or other appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days. The provider shall accept the issuer's payment for this benefit as payment in full and shall not bill the insured for any balance.

(4) With respect to the Medicare Part A deductible, coverage for 50 percent of the Medicare Part A inpatient hospital deductible amount per benefit period until the out-of-pocket limitation described in paragraph (10) is met.

(5) With respect to skilled nursing facility care, coverage for 50 percent of the coinsurance amount for each day used from the 21st day to the 100th day, inclusive, in a Medicare benefit period for posthospital skilled nursing facility care eligible under Medicare Part A until the out-of-pocket limitation described in paragraph (10) is met.

(6) With respect to hospice care, coverage for 50 percent of cost sharing for all Medicare Part A eligible expenses and respite care until the out-of-pocket limitation described in paragraph (10) is met.

(7) Coverage for 50 percent, under Medicare Part A or B, of the reasonable cost of the first three pints of blood or equivalent quantities of packed red blood cells, as defined under federal regulations, unless

replaced in accordance with federal regulations, until the out-of-pocket limitation described in paragraph (10) is met.

(8) Except for coverage provided in paragraph (9), coverage for 50 percent of the cost sharing otherwise applicable under Medicare Part B after the policyholder pays the Part B deductible, until the out-of-pocket limitation is met as described in paragraph (10).

(9) Coverage of 100 percent of the cost sharing for Medicare Part B preventive services, after the policyholder pays the Medicare Part B deductible.

(10) Coverage of 100 percent of all cost sharing under Medicare Parts A and B for the balance of the calendar year after the individual has reached the out-of-pocket limitation on annual expenditures under Medicare Parts A and B of four thousand dollars ($4,000) in 2006, indexed each year by the appropriate inflation adjustment specified by the secretary.

(e) The standardized Medicare supplement benefit plan "L" shall consist of the following benefits:

(1) The benefits described in paragraphs (1), (2), (3), and (9) of subdivision (d).

(2) With respect to the Medicare Part A deductible, coverage for 75 percent of the Medicare Part A inpatient hospital deductible amount per benefit period until the out-of-pocket limitation described in paragraph (8) is met.

(3) With respect to skilled nursing facility care, coverage for 75 percent of the coinsurance amount for each day used from the 21st day to the 100th day, inclusive, in a Medicare benefit period for posthospital skilled nursing facility care eligible under Medicare Part A until the out-of-pocket limitation described in paragraph (8) is met.

(4) With respect to hospice care, coverage for 75 percent of cost sharing for all Medicare Part A eligible expenses and respite care until the out-of-pocket limitation described in paragraph (8) is met.

(5) Coverage for 75 percent, under Medicare Part A or B, of the reasonable cost of the first three pints of blood or equivalent quantities of packed red blood cells, as defined under federal regulations, unless replaced in accordance with federal regulations, until the out-of-pocket limitation described in paragraph (8) is met.

(6) Except for coverage provided in paragraph (7), coverage for 75 percent of the cost sharing otherwise applicable under Medicare Part B after the policyholder pays the Part B deductible until the out-of-pocket limitation described in paragraph (8) is met.

(7) Coverage for 100 percent of the cost sharing for Medicare Part B preventive services after the policyholder pays the Part B deductible.

(8) Coverage of 100 percent of the cost sharing for Medicare Parts A and B for the balance of the calendar year after the individual has reached the out-of-pocket limitation on annual expenditures under Medicare Parts A and B of two thousand dollars ($2,000) in 2006, indexed each year by the appropriate inflation adjustment specified by the secretary.

(f) An issuer shall prominently indicate through text edits, or by other means acceptable to the commissioner, an amendment made to a Medicare supplement policy form that the department previously approved on the basis that the amendment is consistent with this section. The department may, in its discretion, restrict its review to amendments made to Medicare supplement policy forms that have not previously been found consistent with this section in order to facilitate the availability of amended policy forms that are consistent with the federal Medicare Modernization Act. The department shall not restrict its review if the amendment makes additional changes to the Medicare supplement policy form.

SEC. 21. Section 10192.9 of the Insurance Code is amended to read:

10192.9. (a) An issuer shall make available to each prospective policyholder and certificate holder a policy form or certificate form containing only the basic (core) benefits, as defined in subdivision (b) of Section 10192.8.

(b) No groups, packages, or combinations of Medicare supplement benefits other than those listed in this section shall be offered for sale in this state, except as may be permitted by subdivision (f) and by Section 10192.10.

(c) Benefit plans shall be uniform in structure, language, designation and format to the standard benefit plans A to J, inclusive, listed in subdivision (e), and shall conform to the definitions in Section 10192.4. Each benefit shall be structured in accordance with the format provided in subdivisions (b), (c), (d), and (e) of Section 10192.8 and list the benefits in the order listed in subdivision (e). For purposes of this section, "structure, language, and format" means style, arrangement, and overall content of a benefit.

(d) An issuer may use, in addition to the benefit plan designations required in subdivision (c), other designations to the extent permitted by law.

(e) With respect to the makeup of benefit plans, the following shall apply:

(1) Standardized Medicare supplement benefit plan A shall be limited to the basic (core) benefit common to all benefit plans, as defined in subdivision (b) of Section 10192.8.

(2) Standardized Medicare supplement benefit plan B shall include only the following: the core benefit, plus the Medicare Part A deductible as defined in paragraph (1) of subdivision (c) of Section 10192.8.

(3) Standardized Medicare supplement benefit plan C shall include only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, Medicare Part B deductible, and medically necessary emergency care in a foreign country as defined in paragraphs (1), (2), (3), and (8) of subdivision (c) of Section 10192.8, respectively.

(4) Standardized Medicare supplement benefit plan D shall include only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, medically necessary emergency care in a foreign country, and the at-home recovery benefit as defined in paragraphs (1), (2), (8), and (10) of subdivision (c) of Section 10192.8, respectively.

(5) Standardized Medicare supplement benefit plan E shall include only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, medically necessary emergency care in a foreign country, and preventive medical care as defined in paragraphs (1), (2), (8), and (9) of subdivision (c) of Section 10192.8, respectively.

(6) Standardized Medicare supplement benefit plan F shall include only the following: the core benefit, plus the Medicare Part A deductible, the skilled nursing facility care, the Medicare Part B deductible, 100 percent of the Medicare Part B excess charges, and medically necessary emergency care in a foreign country as defined in paragraphs (1), (2), (3), (5), and (8) of subdivision (c) of Section 10192.8, respectively.

(7) Standardized Medicare supplement benefit high deductible plan F shall include only the following: 100 percent of covered expenses following the payment of the annual high deductible plan F deductible. The covered expenses include the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, the Medicare Part B deductible, 100 percent of the Medicare Part B excess charges, and medically necessary emergency care in a foreign country as defined in paragraphs (1), (2), (3), (5), and (8) of subdivision (c) of Section 10192.8, respectively. The annual high deductible plan F deductible shall consist of out-of-pocket expenses, other than premiums, for services covered by the Medicare supplement plan F policy, and shall be in addition to any other specific benefit deductibles. The annual high deductible Plan F deductible shall be one thousand five hundred dollars ($1,500) for 1998 and 1999, and shall be based on the calendar year, as adjusted annually thereafter by the secretary to reflect the change in the Consumer Price Index for all urban consumers for the 12-month period ending with August of the preceding year, and rounded to the nearest multiple of ten dollars ($10).

(8) Standardized Medicare supplement benefit plan G shall include only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, 80 percent of the Medicare Part B excess charges, medically necessary emergency care in a foreign country, and the at-home recovery benefit as defined in paragraphs (1), (2), (4), (8), and (10) of Section 10192.8, respectively.

(9) Standardized Medicare supplement benefit plan H shall consist of only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, basic outpatient prescription drug benefit, and medically necessary emergency care in a foreign country as defined in paragraphs (1), (2), (6), and (8) of Section 10192.8, respectively. The outpatient prescription drug benefit shall not be included in a Medicare supplement policy sold on or after January 1, 2006.

(10) Standardized Medicare supplement benefit plan I shall consist of only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, 100 percent of the Medicare Part B excess charges, basic outpatient prescription drug benefit, medically necessary emergency care in a foreign country, and at-home recovery benefit as defined in paragraphs (1), (2), (5), (6), (8), and (10) of subdivision (c) of Section 10192.8, respectively. The outpatient prescription drug benefit shall not be included in a Medicare supplement policy sold on or after January 1, 2006.

(11) Standardized Medicare supplement benefit plan J shall consist of only the following: the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, Medicare Part B deductible, 100 percent of the Medicare Part B excess charges, extended outpatient prescription drug benefit, medically necessary emergency care in a foreign country, preventive medical care, and at-home recovery benefit as defined in paragraphs (1), (2), (3), (5), (7), (8), (9), and (10) of subdivision (c) of Section 10192.8, respectively. The outpatient prescription drug benefit shall not be included in a Medicare supplement policy sold on or after January 1, 2006.

(12) Standardized Medicare supplement benefit high deductible plan J shall consist of only the following: 100 percent of covered expenses following the payment of the annual high deductible plan J deductible. The covered expenses include the core benefit, plus the Medicare Part A deductible, skilled nursing facility care, Medicare Part B deductible, 100 percent of the Medicare Part B excess charges, extended outpatient prescription drug benefit, medically necessary emergency care in a foreign country, preventive medical care benefit, and at-home recovery benefit as defined in paragraphs (1), (2), (3), (5), (7), (8), (9), and (10) of subdivision (c) of Section 10192.8, respectively. The annual high

deductible plan J deductible shall consist of out-of-pocket expenses, other than premiums, for services covered by the Medicare supplement plan J policy, and shall be in addition to any other specific benefit deductibles. The annual deductible shall be one thousand five hundred dollars ($1,500) for 1998 and 1999, and shall be based on a calendar year, as adjusted annually thereafter by the secretary to reflect the change in the Consumer Price Index for all urban consumers for the 12-month period ending with August of the preceding year, and rounded to the nearest multiple of ten dollars ($10). The outpatient prescription drug benefit shall not be included in a Medicare supplement policy sold on or after January 1, 2006.

(13) Standardized Medicare supplement benefit plan K shall consist of only those benefits described in subdivision (d) of Section 10192.8.

(14) Standardized Medicare supplement benefit plan L shall consist of only those benefits described in subdivision (e) of Section 10192.8.

(f) An issuer may, with the prior approval of the commissioner, offer policies or certificates with new or innovative benefits in addition to the benefits provided in a policy or certificate that otherwise complies with the applicable standards. The new or innovative benefits may include benefits that are appropriate to Medicare supplement insurance, that are not otherwise available and that are cost-effective and offered in a manner that is consistent with the goal of simplification of Medicare supplement policies. On and after January 1, 2006, the innovative benefit shall not include an outpatient prescription drug benefit.

SEC. 22. Section 10192.10 of the Insurance Code is amended to read:

10192.10. (a) (1) This section shall apply to Medicare Select policies and certificates, as defined in this section.

(2) A policy or certificate shall not be advertised as a Medicare Select policy or certificate unless it meets the requirements of this section.

(b) For the purposes of this section:

(1) "Appeal" means dissatisfaction expressed in writing by an individual insured under a Medicare Select policy or certificate with the administration, claims practices, or provision of services concerning a Medicare Select issuer or its network providers.

(2) "Complaint" means any dissatisfaction expressed by an individual concerning a Medicare Select issuer or its network providers.

(3) "Medicare Select issuer" means an issuer offering, seeking to offer, advertising, marketing, soliciting, or issuing a Medicare Select policy or certificate.

(4) "Medicare Select policy" or "Medicare Select certificate" means respectively a Medicare supplement policy or certificate that contains restricted network provisions.

(5) "Network provider" means a provider of health care, or a group of providers of health care, which has entered into a written agreement with the issuer or other entity to provide benefits insured under a Medicare Select policy.

(6) "Restricted network provision" means any provision that conditions the payment of benefits, in whole or in part, on the use of network providers.

(7) "Service area" means the geographic area approved by the commissioner within which an issuer is authorized to offer a Medicare Select policy.

(8) "Grievance" means a written complaint registered by an individual for resolution under the formal grievance procedure, which may involve, but is not limited to, the administration, claims practices, or provision of services by the issuer or its network providers.

(9) "Medicare Select coverage" means Medicare supplement coverage through a preferred provider organization or any other type of restricted network, which coverage has been approved by the commissioner under this section.

(10) "Preferred provider organization" means a health care provider or an entity contracting with health care providers that (A) establishes alternative or discounted rates of payment, (B) offers the insureds certain advantages for selecting the member providers, or (C) withholds from the insureds certain advantages if they choose providers other than the member providers. Organizations regulated as Medicare Select include, but are not limited to, provider groups, hospital marketing plans, and organizations that are formed or operated by insurers or third-party administrators.

(c) The commissioner may authorize an issuer to offer a Medicare Select policy or certificate pursuant to this section if the commissioner finds that the issuer has satisfied all of the requirements of this section.

(d) A Medicare Select issuer shall not issue a Medicare Select policy or certificate in this state until its plan of operation has been approved by the commissioner.

(e) A Medicare Select issuer shall file a proposed plan of operation with the commissioner in a format prescribed by the commissioner. The plan of operation shall contain at least the following information:

(1) Evidence that all covered services that are subject to restricted network provisions are available and accessible through network providers, including a demonstration of all of the following:

(A) That services can be provided by network providers with reasonable promptness with respect to geographic location, hours of operation, and afterhour care. The hours of operation and availability of

afterhour care shall reflect usual practice in the local area. Geographic availability shall reflect the usual travel times within the community.

(B) That the number of network providers in the service area is sufficient, with respect to current and expected policyholders, as to either of the following:

(i) To deliver adequately all services that are subject to a restricted network provision.

(ii) To make appropriate referrals.

(C) There are written agreements with network providers describing specific responsibilities.

(D) Emergency care is available 24 hours per day and seven days per week.

(E) In the case of covered services that are subject to a restricted network provision and are provided on a prepaid basis, that there are written agreements with network providers prohibiting the providers from billing or otherwise seeking reimbursement from or recourse against any individual insured under a Medicare Select policy or certificate.

This subparagraph shall not apply to supplemental charges or coinsurance amounts as stated in the Medicare Select policy or certificate.

(2) A statement or map providing a clear description of the service area.

(3) A description of the appeal or grievance procedure to be utilized.

(4) A description of the quality assurance program, including all of the following:

(A) The formal organizational structure.

(B) The written criteria for selection, retention, and removal of network providers.

(C) The procedures for evaluating quality of care provided by network providers, and the process to initiate corrective action when warranted.

(5) A list and description, by specialty, of the network providers.

(6) Copies of the written information proposed to be used by the issuer to comply with subdivision (i).

(7) Any other information requested by the commissioner.

(f) (1) A Medicare Select issuer shall file any proposed changes to the plan of operation, except for changes to the list of network providers, with the commissioner prior to implementing the changes. Changes shall be considered approved by the commissioner after 30 days unless specifically disapproved.

(2) An updated list of network providers shall be filed at the commissioner's request, but at least quarterly.

(g) A Medicare Select policy or certificate shall not restrict payment for covered services provided by nonnetwork providers if:

(1) The services are for symptoms requiring emergency care or are immediately required for an unforeseen illness, injury, or condition.

(2) It is not reasonable to obtain services through a network provider.

(h) A Medicare Select policy or certificate shall provide payment for full coverage under the policy for covered services that are not available through network providers.

(i) A Medicare Select issuer shall make full and fair disclosure in writing of the provisions, restrictions, and limitations of the Medicare Select policy or certificate to each applicant. This disclosure shall include at least the following:

(1) An outline of coverage sufficient to permit the applicant to compare the coverage and premiums of the Medicare Select policy or certificate with both of the following:

(A) Other Medicare supplement policies or certificates offered by the issuer.

(B) Other Medicare Select policies or certificates.

(2) A description, including address, telephone number, and hours of operation, of the network providers, including primary care physicians, specialty physicians, hospitals, and other providers.

(3) A description of the restricted network provisions, including payments for coinsurance and deductibles when providers other than network providers are utilized. The description shall inform the applicant that expenses incurred when using out-of-network providers are excluded from the out-of-pocket annual limit in benefit plans K and L, unless the policy or certificate provides otherwise.

(4) A description of coverage for emergency and urgently needed care and other out-of-service area coverage.

(5) A description of limitations on referrals to restricted network providers and to other providers.

(6) A description of the policyholder's or certificate holder's rights to purchase any other Medicare supplement policy or certificate otherwise offered by the issuer.

(7) A description of the Medicare Select issuer's quality assurance, grievance, and appeal procedure.

(j) Prior to the sale of a Medicare Select policy or certificate, a Medicare Select issuer shall obtain from the applicant a signed and dated form stating that the applicant has received the information provided pursuant to subdivision (i) and that the applicant understands the restrictions of the Medicare Select policy or certificate. Acknowledgments shall be maintained by the insurer for at least five years in accordance with Section 10508.

(k) A Medicare Select issuer shall have and use procedures for hearing complaints and resolving written appeals and grievances from the

insureds. The procedures shall be aimed at mutual agreement for settlement and may include arbitration procedures.

(1) The appeal and grievance procedure shall be described in the policy and certificates and in the outline of coverage.

(2) At the time the policy or certificate is issued, the issuer shall provide detailed information to the policyholder or certificate holder describing how an appeal or grievance may be registered with the issuer.

(3) Appeals or grievances shall be considered in a timely manner and shall be transmitted to appropriate fiduciaries who have authority to fully investigate the issue and take corrective action.

(4) If an appeal or grievance is found to be valid, corrective action shall be taken promptly.

(5) All concerned parties shall be notified about the results of an appeal or grievance.

(6) The issuer shall report no later than each March 31st to the commissioner regarding its appeal or grievance procedure. The report shall be in a format prescribed by the commissioner and shall contain the number of appeals or grievances filed in the past year and a summary of the subject, nature, and resolution of those appeals or grievances.

(7) Detailed information describing in writing how to register an appeal or grievance shall be provided to the insured prior to, or simultaneously with, the issuance of the policy or certificate.

(8) The issuer shall maintain records of each appeal or grievance for at least five years.

(*l*) At the time of initial purchase, a Medicare Select issuer shall make available to each applicant for a Medicare Select policy or certificate the opportunity to purchase any Medicare supplement policy or certificate otherwise offered by the issuer.

(m) (1) At the request of an individual insured under a Medicare Select policy or certificate, a Medicare Select issuer shall make available to the individual insured the opportunity to purchase a Medicare supplement policy or certificate offered by the issuer that has comparable or lesser benefits and that does not contain a restricted network provision. The issuer shall make the policies or certificates available without requiring evidence of insurability after the Medicare Select policy or certificate has been in force for six months, unless the replacement policy or certificate includes at-home recovery benefits that were not included in the Medicare Select coverage.

(2) For the purposes of this subdivision, a Medicare supplement policy or certificate will be considered to have comparable or lesser benefits unless it contains one or more significant benefits not included in the Medicare Select policy or certificate being replaced. For the purposes of this paragraph, a significant benefit means coverage for the Medicare

Part A deductible, coverage for at-home recovery services, or coverage for Medicare Part B excess charges.

(n) Medicare Select policies and certificates shall provide for continuation of coverage in the event the commissioner determines that Medicare Select policies and certificates issued pursuant to this section should be discontinued due to either the failure of the Medicare Select program to be reauthorized under law or its substantial amendment.

(1) Each Medicare Select issuer shall make available to each individual insured under a Medicare Select policy or certificate the opportunity to purchase any Medicare supplement policy or certificate offered by the issuer that has comparable or lesser benefits and that does not contain a restricted network provision. The issuer shall make the policies and certificates available without requiring evidence of insurability.

(2) For the purposes of this subdivision, a Medicare supplement policy or certificate will be considered to have comparable or lesser benefits unless it contains one or more significant benefits not included in the Medicare Select policy or certificate being replaced. For the purposes of this paragraph, a significant benefit means coverage for the Medicare Part A deductible, coverage for at-home recovery services, or coverage for Medicare Part B excess charges.

(o) A Medicare Select issuer shall comply with reasonable requests for data made by state or federal agencies, including the United States Department of Health and Human Services for the purpose of evaluating the Medicare Select program.

(p) The commissioner may grant special Medicare Select status to plans of guaranteed renewable Medicare supplement coverage provided through a preferred provider organization, which plans were offered to the public or in force before the effective date of this section, if the commissioner determines that the applicants will receive benefits and consumer protections that are substantially equivalent to those in other Medicare Select plans identified in this section, and if the issuer satisfies the following requirements:

(1) The issuer shall apply within one year of the effective date of this section by submitting to the commissioner the following items:

(A) The current plan of operation as defined in subdivision (e).

(B) If the written disclosures of subdivision (i) have not been delivered to each applicant as required, the issuer's plan to accomplish full disclosure to every insured and to achieve substantial compliance with subdivision (j).

(C) The issuer's statement of intent to comply with subdivision (f).

(D) If the plan of operation does not comply with the standards of subdivision (g), (h), (k), (*l*), or (m), the issuer's plan for achieving substantial compliance with these subdivisions for every insured.

(2) The issuer shall alter the plan as requested by the commissioner in order to bring the plan into substantial compliance with Medicare Select standards.

(3) The issuer shall issue disclosures or other notices to its insureds regarding its status as Medicare Select as ordered by the commissioner.

(4) The issuer shall provide data as provided in subdivision (o).

SEC. 23. Section 10192.11 of the Insurance Code is amended to read:

10192.11. (a) (1) An issuer shall not deny or condition the issuance or effectiveness of any Medicare supplement policy or certificate available for sale in this state, nor discriminate in the pricing of a policy or certificate because of the health status, claims experience, receipt of health care, or medical condition of an applicant in the case of an application for a policy or certificate that is submitted prior to or during the six-month period beginning with the first day of the first month in which an individual is both 65 years of age or older and is enrolled for benefits under Medicare Part B. Each Medicare supplement policy and certificate currently available from an issuer shall be made available to all applicants who qualify under this subdivision and who are 65 years of age or older.

(2) An issuer shall make available Medicare supplement benefit plans A, B, C, and F, if currently available, to an applicant who qualifies under this subdivision who is 64 years of age or younger and who does not have end-stage renal disease. An issuer shall also make available to those applicants, Medicare supplement benefit plan H, I, or J, if currently available, and commencing January 1, 2007, shall make available to them Medicare supplement benefit plan K or L, if currently available. The selection among Medicare supplement plan H, I, or J and the selection between Medicare supplement benefit plan K or L shall be made at the issuer's discretion.

(3) This section and Section 10192.12 do not prohibit an issuer in determining premium rates from treating applicants who are under 65 years of age and are eligible for Medicare Part B as a separate risk classification. This section shall not be construed as preventing the exclusion of benefits for preexisting conditions as defined in paragraph (1) of subdivision (a) of Section 10192.8.

(b) (1) If an applicant qualifies under subdivision (a) and submits an application during the time period referenced in subdivision (a) and, as of the date of application, has had a continuous period of creditable coverage of at least six months, the issuer shall not exclude benefits based on a preexisting condition.

(2) If the applicant qualifies under subdivision (a) and submits an application during the time period referenced in subdivision (a) and, as

of the date of application, has had a continuous period of creditable coverage that is less than six months, the issuer shall reduce the period of any preexisting condition exclusion by the aggregate of the period of creditable coverage applicable to the applicant as of the enrollment date. The manner of the reduction under this subdivision shall be as specified by the commissioner.

(c) Except as provided in subdivision (b) and Section 10192.23, subdivision (a) shall not be construed as preventing the exclusion of benefits under a policy, during the first six months, based on a preexisting condition for which the policyholder or certificate holder received treatment or was otherwise diagnosed during the six months before the coverage became effective.

(d) An individual enrolled in Medicare by reason of disability shall be entitled to open enrollment described in this section for six months after the date of his or her enrollment in Medicare Part B, or if notified retroactively of his or her eligibility for Medicare, for six months following notice of eligibility. Every issuer shall make available to every applicant qualified for open enrollment all policies and certificates offered by that issuer at the time of application. Issuers shall not discourage sales during the open enrollment period by any means, including the altering of the commission structure.

(e) (1) An individual enrolled in Medicare Part B is entitled to open enrollment described in this section for six months following:

(A) Receipt of a notice of termination or, if no notice is received, the effective date of termination from any employer-sponsored health plan including an employer-sponsored retiree health plan.

(B) Receipt of a notice of loss of eligibility due to the divorce or death of a spouse or, if no notice is received, the effective date of loss of eligibility due to the divorce or death of a spouse, from any employer-sponsored health plan including an employer-sponsored retiree health plan.

(C) Termination of health care services for a military retiree or the retiree's Medicare eligible spouse or dependent as a result of a military base closure or loss of access to health care services because the base no longer offers services or because the individual relocates.

(2) For purposes of this subdivision, "employer-sponsored retiree health plan" includes any coverage for medical expenses that is directly or indirectly sponsored or established by an employer for employees or retirees, their spouses, dependents, or other included insureds.

(f) An individual enrolled in Medicare Part B is entitled to open enrollment described in this section if the individual was covered under a policy, certificate, or contract providing Medicare supplement coverage

but that coverage terminated because the individual established residence at a location not served by the plan.

(g) An individual whose coverage was terminated by a Medicare Advantage plan shall be entitled to an additional 60-day open enrollment period to be added on to and run consecutively after any open enrollment period authorized by federal law or regulation, for any Medicare supplement coverage provided by Medicare supplement issuers and available on a guaranteed basis under state and federal law or regulation for persons terminated by their Medicare Advantage plan.

(h) An individual shall be entitled to an annual open enrollment period lasting 30 days or more, commencing with the individual's birthday, during which time that person may purchase any Medicare supplement policy that offers benefits equal to or lesser than those provided by the previous coverage. During this open enrollment period, no issuer that falls under this provision shall deny or condition the issuance or effectiveness of Medicare supplement coverage, nor discriminate in the pricing of coverage, because of health status, claims experience, receipt of health care, or medical condition of the individual if, at the time of the open enrollment period, the individual is covered under another Medicare supplement policy or contract. An issuer shall notify a policyholder of his or her rights under this subdivision at least 30 and no more than 60 days before the beginning of the open enrollment period.

(i) Commencing January 1, 2007, an individual enrolled in Medicare Part B is entitled to open enrollment described in this section upon being notified that he or she is no longer eligible for benefits under the Medi-Cal program because of an increase in the individual's income or assets.

SEC. 24. Section 10192.12 of the Insurance Code is repealed.

SEC. 25. Section 10192.12 is added to the Insurance Code, to read:

10192.12. (a) (1) With respect to the guaranteed issue of a Medicare supplement policy, eligible persons are those individuals described in subdivision (b) who seek to enroll under the policy during the period specified in subdivision (c), and who submit evidence of the date of termination or disenrollment or enrollment in Medicare Part D with the application for a Medicare supplement policy.

(2) With respect to eligible persons, an issuer shall not take any of the following actions:

(A) Deny or condition the issuance or effectiveness of a Medicare supplement policy described in subdivision (e) that is offered and is available for issuance to new enrollees by the issuer.

(B) Discriminate in the pricing of that Medicare supplement policy because of health status, claims experience, receipt of health care, or medical condition.

(C) Impose an exclusion of benefits based on a preexisting condition under that Medicare supplement policy.

(b) An eligible person is an individual described in any of the following paragraphs:

(1) The individual is enrolled under an employee welfare benefit plan that provides health benefits that supplement the benefits under Medicare, and the plan either terminates or ceases to provide all of those supplemental health benefits to the individual.

(2) The individual is enrolled with a Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C, and any of the following circumstances apply:

(A) The certification of the organization or plan has been terminated.

(B) The organization has terminated or otherwise discontinued providing the plan in the area in which the individual resides.

(C) The individual is no longer eligible to elect the plan because of a change in the individual's place of residence or other change in circumstances specified by the secretary. Those changes in circumstances shall not include termination of the individual's enrollment on the basis described in Section 1851(g)(3)(B) of the federal Social Security Act where the individual has not paid premiums on a timely basis or has engaged in disruptive behavior as specified in standards under Section 1856, or the plan is terminated for all individuals within a residence area.

(D) The Medicare Advantage plan in which the individual is enrolled reduces any of its benefits or increases the amount of cost sharing or discontinues for other than good cause relating to quality of care, its relationship or contract under the plan with a provider who is currently furnishing services to the individual. An individual shall be eligible under this subparagraph for a Medicare supplement policy issued by the same issuer through which the individual was enrolled at the time the reduction, increase, or discontinuance described above occurs or, commencing January 1, 2007, for one issued by a subsidiary of the parent company of that issuer or by a network that contracts with the parent company of that issuer.

(E) The individual demonstrates, in accordance with guidelines established by the secretary, either of the following:

(i) The organization offering the plan substantially violated a material provision of the organization's contract under this article in relation to the individual, including the failure to provide on a timely basis medically necessary care for which benefits are available under the plan or the failure to provide the covered care in accordance with applicable quality standards.

(ii) The organization, or agent or other entity acting on the organization's behalf, materially misrepresented the plan's provisions in marketing the plan to the individual.

(F) The individual meets other exceptional conditions as the secretary may provide.

(3) The individual is 65 years of age or older, is enrolled with a Program of All-Inclusive Care for the Elderly (PACE) provider under Section 1894 of the Social Security Act, and circumstances similar to those described in paragraph (2) exist that would permit discontinuance of the individual's enrollment with the provider, if the individual were enrolled in a Medicare Advantage plan.

(4) The individual meets both of the following conditions:

(A) The individual is enrolled with any of the following:

(i) An eligible organization under a contract under Section 1876 of the Social Security Act (Medicare cost).

(ii) A similar organization operating under demonstration project authority, effective for periods before April 1, 1999.

(iii) An organization under an agreement under Section 1833(a)(1)(A) of the Social Security Act (health care prepayment plan).

(iv) An organization under a Medicare Select policy.

(B) The enrollment ceases under the same circumstances that would permit discontinuance of an individual's election of coverage under paragraph (2) or (3).

(5) The individual is enrolled under a Medicare supplement policy, and the enrollment ceases because of any of the following circumstances:

(A) The insolvency of the issuer or bankruptcy of the nonissuer organization, or other involuntary termination of coverage or enrollment under the policy.

(B) The issuer of the policy substantially violated a material provision of the policy.

(C) The issuer, or an agent or other entity acting on the issuer's behalf, materially misrepresented the policy's provisions in marketing the policy to the individual.

(6) The individual meets both of the following conditions:

(A) The individual was enrolled under a Medicare supplement policy and terminates enrollment and subsequently enrolls, for the first time, with any Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C, any eligible organization under a contract under Section 1876 of the Social Security Act (Medicare cost), any similar organization operating under demonstration project authority, any PACE provider under Section 1894 of the Social Security Act, or a Medicare Select policy.

(B) The subsequent enrollment under subparagraph (A) is terminated by the individual during any period within the first 12 months of the subsequent enrollment (during which the enrollee is permitted to terminate the subsequent enrollment under Section 1851(e) of the federal Social Security Act).

(7) The individual upon first becoming eligible for benefits under Medicare Part A at age 65 years of age, enrolls in a Medicare Advantage plan under Medicare Part C or with a PACE provider under Section 1894 of the Social Security Act, and disenrolls from the plan or program not later than 12 months after the effective date of enrollment.

(8) The individual while enrolled under a Medicare supplement policy that covers outpatient prescription drugs enrolls in a Medicare Part D plan during the initial enrollment period, terminates enrollment in the Medicare supplement policy, and submits evidence of enrollment in Medicare Part D along with the application for a policy described in paragraph (4) of subdivision (e).

(c) (1) In the case of an individual described in paragraph (1) of subdivision (b), the guaranteed issue period begins on the later of the following two dates and ends on the date that is 63 days after the date the applicable coverage terminates:

(A) The date the individual receives a notice of termination or cessation of all supplemental health benefits or, if no notice is received, the date of the notice denying a claim because of a termination or cessation of benefits.

(B) The date that the applicable coverage terminates or ceases.

(2) In the case of an individual described in paragraphs (2), (3), (4), (6), and (7) of subdivision (b) whose enrollment is terminated involuntarily, the guaranteed issue period begins on the date that the individual receives a notice of termination and ends 63 days after the date the applicable coverage is terminated.

(3) In the case of an individual described in subparagraph (A) of paragraph (5) of subdivision (b), the guaranteed issue period begins on the earlier of the following two dates and ends on the date that is 63 days after the date the coverage is terminated:

(A) The date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other similar notice if any.

(B) The date that the applicable coverage is terminated.

(4) In the case of an individual described in paragraph (2), (3), (6), or (7) of, or in subparagraph (B) or (C) of paragraph (5) of, subdivision (b) who disenrolls voluntarily, the guaranteed issue period begins on the date that is 60 days before the effective date of the disenrollment and

ends on the date that is 63 days after the effective date of the disenrollment.

(5) In the case of an individual described in paragraph (8) of subdivision (b), the guaranteed issue period begins on the date the individual receives notice pursuant to Section 1882(v)(2)(B) of the Social Security Act from the Medicare supplement issuer during the 60-day period immediately preceding the initial enrollment period for Medicare Part D and ends on the date that is 63 days after the effective date of the individual's coverage under Medicare Part D.

(6) In the case of an individual described in subdivision (b) who is not included in this subdivision, the guaranteed issue period begins on the effective date of disenrollment and ends on the date that is 63 days after the effective date of disenrollment.

(d) (1) In the case of an individual described in paragraph (6) of subdivision (b), or deemed to be so described pursuant to this paragraph, whose enrollment with an organization or provider described in subparagraph (A) of paragraph (6) of subdivision (b) is involuntarily terminated within the first 12 months of enrollment and who, without an intervening enrollment, enrolls with another such organization or provider, the subsequent enrollment shall be deemed to be an initial enrollment described in paragraph (6) of subdivision (b).

(2) In the case of an individual described in paragraph (7) of subdivision (b), or deemed to be so described pursuant to this paragraph, whose enrollment with a plan or in a program described in paragraph (7) of subdivision (b) is involuntarily terminated within the first 12 months of enrollment and who, without an intervening enrollment, enrolls in another such plan or program, the subsequent enrollment shall be deemed to be an initial enrollment described in paragraph (7) of subdivision (b).

(3) For purposes of paragraphs (6) and (7) of subdivision (b), an enrollment of an individual with an organization or provider described in subparagraph (A) of paragraph (6) of subdivision (b), or with a plan or in a program described in paragraph (7) of subdivision (b) shall not be deemed to be an initial enrollment under this paragraph after the two-year period beginning on the date on which the individual first enrolled with such an organization, provider, plan, or program.

(e) (1) Under paragraphs (1), (2), (3), (4), and (5) of subdivision (b), an eligible individual is entitled to a Medicare supplement policy that has a benefit package classified as Plan A, B, C, F (including a high deductible Plan F), K, or L offered by any issuer.

(2) (A) Under paragraph (6) of subdivision (b), an eligible individual is entitled to the same Medicare supplement policy in which he or she was most recently enrolled, if available from the same issuer. If that

policy is not available, the eligible individual is entitled to a Medicare supplement policy that has a benefit package classified as Plan A, B, C, F (including a high deductible Plan F), K, or L offered by any issuer.

(B) On and after January 1, 2006, an eligible individual described in this paragraph who was most recently enrolled in a Medicare supplement policy with an outpatient prescription drug benefit, is entitled to a Medicare supplement policy that is available from the same issuer but without an outpatient prescription drug benefit or, at the election of the individual, has a benefit package classified as a Plan A, B, C, F (including high deductible Plan F), K, or L that is offered by any issuer.

(3) Under paragraph (7) of subdivision (b), an eligible individual is entitled to any Medicare supplement policy offered by any issuer.

(4) Under paragraph (8) of subdivision (b), an eligible individual is entitled to a Medicare supplement policy that has a benefit package classified as Plan A, B, C, F (including a high deductible Plan F), K, or L and that is offered and is available for issuance to a new enrollee by the same issuer that issued the individual's Medicare supplement policy with outpatient prescription drug coverage.

(f) (1) At the time of an event described in subdivision (b) by which an individual loses coverage or benefits due to the termination of a contract or agreement, policy, or plan, the organization that terminates the contract or agreement, the issuer terminating the policy, or the administrator of the plan being terminated, respectively, shall notify the individual of his or her rights under this section and of the obligations of issuers of Medicare supplement policies under subdivision (a). The notice shall be communicated contemporaneously with the notification of termination.

(2) At the time of an event described in subdivision (b) by which an individual ceases enrollment under a contract or agreement, policy, or plan, the organization that offers the contract or agreement, regardless of the basis for the cessation of enrollment, the issuer offering the policy, or the administrator of the plan, respectively, shall notify the individual of his or her rights under this section, and of the obligations of issuers of Medicare supplement policies under subdivision (a). The notice shall be communicated within 10 working days of the date the issuer received notification of disenrollment.

(g) An issuer shall refund any unearned premium that an insured paid in advance and shall terminate coverage upon the request of an insured.

SEC. 26. Section 10192.14 of the Insurance Code is amended to read:

10192.14. (a) (1) (A) With respect to loss ratio standards, a Medicare supplement policy form or certificate form shall not be advertised, solicited, or issued for delivery unless the policy form or

certificate form can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to policyholders and certificate holders in the form of aggregate benefits, not including anticipated refunds or credits, provided under the policy form or certificate form at least 75 percent of the aggregate amount of premiums earned in the case of group policies, or at least 65 percent of the aggregate amount of premiums earned in the case of individual policies.

(B) Loss ratio standards shall be calculated on the basis of incurred claims experience, and earned premiums shall be calculated for the period and in accordance with accepted actuarial principles and practices.

(2) All filings of rates and rating schedules shall demonstrate that expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards.

(3) For purposes of applying paragraph (1) of subdivision (a) and paragraph (3) of subdivision (d) of Section 10192.15 only, policies issued as a result of solicitations of individuals through the mail or by mass media advertising, including both print and broadcast advertising, shall be deemed to be individual policies.

(b) (1) With respect to refund or credit calculations, an issuer shall collect and file with the commissioner by May 31 of each year the data contained in the applicable reporting form required by the commissioner for each type of coverage in a standard Medicare supplement benefit plan.

(2) If on the basis of the experience as reported the benchmark ratio since inception (ratio 1) exceeds the adjusted experience ratio since inception (ratio 3), then a refund or credit calculation is required. The refund calculation shall be done on a statewide basis for each type in a standard Medicare supplement benefit plan. For purposes of the refund or credit calculation, experience on policies issued within the reporting year shall be excluded.

(3) For the purposes of this section, with respect to policies or certificates advertised, solicited, or issued for delivery prior to January 1, 2001, the issuer shall make the refund or credit calculation separately for all individual policies, including all group policies subject to an individual loss ratio standard when issued, combined and all other group policies combined for experience after January 1, 2001. The first report pursuant to paragraph (1) shall be due by May 31, 2003.

(4) A refund or credit shall be made only when the benchmark loss ratio exceeds the adjusted experience loss ratio and the amount to be

refunded or credited exceeds a de minimis level. The refund shall include interest from the end of the calendar year to the date of the refund or credit at a rate specified by the secretary, but in no event shall it be less than the average rate of interest for 13-week Treasury notes. A refund or credit against premiums due shall be made by September 30 following the experience year upon which the refund or credit is based.

(c) An issuer of Medicare supplement policies and certificates shall file annually its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy duration for approval by the commissioner in accordance with the filing requirements and procedures prescribed by the commissioner and this code. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. An expected third-year loss ratio that is greater than or equal to the applicable percentage shall be demonstrated for policies or certificates in force less than three years.

As soon as practicable, but prior to the effective date of enhancements in Medicare benefits, every issuer of Medicare supplement policies or certificates shall file with the commissioner, in accordance with applicable filing procedures, all of the following:

(1) (A) Appropriate premium adjustments necessary to produce loss ratios as anticipated for the current premium for the applicable policies or certificates. The supporting documents necessary to justify the adjustment shall accompany the filing.

(B) An issuer shall make premium adjustments necessary to produce an expected loss ratio under the policy or certificate to conform to minimum loss ratio standards for Medicare supplement policies and that are expected to result in a loss ratio at least as great as that originally anticipated in the rates used to produce current premiums by the issuer for the Medicare supplement policies or certificates. No premium adjustment that would modify the loss ratio experience under the policy other than the adjustments described in this section shall be made with respect to a policy at any time other than upon its renewal date or anniversary date.

(C) If an issuer fails to make premium adjustments acceptable to the commissioner, the commissioner may order premium adjustments, refunds, or premium credits deemed necessary to achieve the loss ratio required by this section.

(2) Any appropriate riders, endorsements, or policy forms needed to accomplish the Medicare supplement policy or certificate modifications necessary to eliminate benefit duplications with Medicare. The riders,

endorsements, or policy forms shall provide a clear description of the Medicare supplement benefits provided by the policy or certificate.

(d) The commissioner may conduct a public hearing to gather information concerning a request by an issuer for an increase in a rate for a policy form or certificate form issued before or after the effective date of January 1, 2001, if the experience of the form for the previous reporting period is not in compliance with the applicable loss ratio standard. The determination of compliance is made without consideration of any refund or credit for the reporting period. Public notice of the hearing shall be furnished in a manner deemed appropriate by the commissioner.

SEC. 27. Section 10192.15 of the Insurance Code is amended to read:

10192.15. (a) An issuer shall not advertise, solicit, or issue for delivery a policy or certificate to a resident of this state unless the policy form or certificate form has been filed with and approved by the commissioner in accordance with filing requirements and procedures prescribed by the commissioner. Master policies issued outside California shall be filed for informational purposes along with the certificates. Until January 1, 2001, or 90 days after approval of Medicare supplement policies or certificates submitted for approval pursuant to this section, whichever is later, issuers may continue to offer and market previously approved Medicare supplement policies or certificates.

(b) An issuer shall file any riders or amendments to policy or certificate forms to delete outpatient prescription drug benefits, as required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173), only with the commissioner in the state where the policy or certificate was issued.

(c) (1) An issuer shall not use or change premium rates for a Medicare supplement policy or certificate unless the rates, rating schedule, and supporting documentation have been filed with and approved by the commissioner in accordance with the filing requirements and procedures prescribed by the commissioner.

(2) Paragraph (1) of subdivision (b) of Section 10290 shall not apply to Medicare supplement insurance forms or rates. However, the commissioner may authorize in writing, for good cause only, the limited use of a form or rates after that form or the rates have been filed with the commissioner for 60 days and have not otherwise been acted upon.

(d) (1) Except as provided in paragraph (2), an issuer shall not file for approval more than one form of a policy or certificate of each type for each standard Medicare supplement benefit plan.

(2) An issuer may offer, with the approval of the commissioner, up to four additional policy forms or certificate forms of the same type for

the same standard Medicare supplement benefit plan, one for each of the following cases:

(A) The inclusion of new or innovative benefits.

(B) The addition of either direct response or agent marketing methods.

(C) The addition of either guaranteed issue or underwritten coverage.

(D) The offering of coverage to individuals eligible for Medicare by reason of disability.

(3) For the purposes of this section, a "type" means an individual policy, a group policy, an individual Medicare Select policy, or a group Medicare Select policy.

(e) (1) Except as provided in subdivision (a), an issuer shall continue to make available for purchase any policy form or certificate form issued after January 1, 2001, that has been approved by the commissioner. A policy form or certificate form shall not be considered to be available for purchase unless the issuer has actively offered it for sale in the previous 12 months.

(A) An issuer may discontinue the availability of a policy form or certificate form if the issuer provides to the commissioner in writing its decision at least 60 days prior to discontinuing the availability of the form of the policy or certificate. After receipt of the notice by the commissioner, the issuer shall no longer offer for sale the policy form or certificate form in this state.

(B) An issuer that discontinues the availability of a policy form or certificate form pursuant to subparagraph (A) shall not file for approval a new policy form or certificate form of the same type for the same standard Medicare supplement benefit plan as the discontinued form for a period of five years after the issuer provides notice to the commissioner of the discontinuance. The period of discontinuance may be reduced if the commissioner determines that a shorter period is appropriate.

(2) The sale or other transfer of Medicare supplement business to another issuer shall be considered a discontinuance for the purposes of this subdivision.

(3) A change in the rating structure or methodology shall be considered a discontinuance under paragraph (1) unless the issuer complies with the following requirements:

(A) The issuer provides an actuarial memorandum, in a form and manner prescribed by the commissioner, describing the manner in which the revised rating methodology and resultant rates differ from the existing rating methodology and existing rates. The commissioner may approve the change if it is in the public interest.

(B) The issuer does not subsequently put into effect a change of rates or rating factors that would cause the percentage differential between the discontinued and subsequent rates as described in the actuarial

memorandum to change. The commissioner may approve a change to the differential that is in the public interest. The commissioner may approve a change to the differential if it is in the public interest.

(f) (1) Except as provided in paragraph (2), the experience of all policy forms or certificate forms of the same type in a standard Medicare supplement benefit plan shall be combined for purposes of the refund or credit calculation prescribed in Section 10192.14.

(2) Forms assumed under an assumption reinsurance agreement shall not be combined with the experience of other forms for purposes of the refund or credit calculation.

SEC. 28. Section 10192.17 of the Insurance Code is amended to read:

10192.17. (a) Medicare supplement policies and certificates shall include a renewal, continuation, or conversion provision. The language or specifications of the provision shall be consistent with the type of contract issued. The provision shall be appropriately captioned and shall appear on the first page of the policy, and shall include any reservation by the issuer of the right to change premiums and any automatic renewal premium increases based on the policyholder's age.

(b) Except for riders or endorsements by which the issuer effectuates a request made in writing by the insured, exercises a specifically reserved right under a Medicare supplement policy, or is required to reduce or eliminate benefits to avoid duplication of Medicare benefits, all riders or endorsements added to a Medicare supplement policy after the date of issue or upon reinstatement or renewal that reduce or eliminate benefits or coverage in the policy shall require a signed acceptance by the insured. After the date of policy or certificate issue, any rider or endorsement that increases benefits or coverage with a concomitant increase in premium during the policy term shall be agreed to in writing signed by the insured, unless the benefits are required by the minimum standards for Medicare supplement policies, or if the increased benefits or coverage is required by law. If a separate additional premium is charged for benefits provided in connection with riders or endorsements, the premium charge shall be set forth in the policy.

(c) Medicare supplement policies or certificates shall not provide for the payment of benefits based on standards described as "usual and customary," "reasonable and customary," or words of similar import.

(d) If a Medicare supplement policy or certificate contains any limitations with respect to preexisting conditions, those limitations shall appear as a separate paragraph of the policy and be labeled as "Preexisting Condition Limitations."

(e) (1) Medicare supplement policies and certificates shall have a notice prominently printed on the first page of the policy or certificate,

and of the outline of coverage, or attached thereto, in no less than 10-point uppercase type, stating in substance that the policyholder or certificate holder shall have the right to return the policy or certificate, via regular mail, within 30 days of receiving it, and to have the full premium refunded if, after examination of the policy or certificate, the insured person is not satisfied for any reason. The return shall void the contract from the beginning, and the parties shall be in the same position as if no contract had been issued.

(2) For purposes of this section, a timely manner shall be no later than 30 days after the issuer receives the returned contract.

(3) If the issuer fails to refund all prepaid or periodic charges paid in a timely manner, then the applicant shall receive interest on the paid charges at the legal rate of interest on judgments as provided in Section 685.010 of the Code of Civil Procedure. The interest shall be paid from the date the issuer received the returned contract.

(f) (1) Issuers of health insurance policies, certificates, or contracts that provide hospital or medical expense coverage on an expense incurred or indemnity basis, other than incidentally, to persons eligible for Medicare shall provide to those applicants a Guide to Health Insurance for People with Medicare in the form developed jointly by the National Association of Insurance Commissioners and the Centers for Medicare and Medicaid Services and in a type size no smaller than 12-point type. Delivery of the guide shall be made whether or not the policies or certificates are advertised, solicited, or issued for delivery as Medicare supplement policies or certificates as defined in this article. Except in the case of direct response issuers, delivery of the guide shall be made to the applicant at the time of application, and acknowledgment of receipt of the guide shall be obtained by the issuer. Direct response issuers shall deliver the guide to the applicant upon request, but not later than at the time the policy is delivered.

(2) For the purposes of this section, "form" means the language, format, type size, type proportional spacing, bold character, and line spacing.

(g) As soon as practicable, but no later than 30 days prior to the annual effective date of any Medicare benefit changes, an issuer shall notify its policyholders and certificate holders of modifications it has made to Medicare supplement policies or certificates in a format acceptable to the commissioner. The notice shall include both of the following:

(1) A description of revisions to the Medicare Program and a description of each modification made to the coverage provided under the Medicare supplement policy or certificate.

(2) Inform each policyholder or certificate holder as to when any premium adjustment is to be made due to changes in Medicare.

(h) The notice of benefit modifications and any premium adjustments shall be in outline form and in clear and simple terms so as to facilitate comprehension.

(i) The notices shall not contain or be accompanied by any solicitation.

(j) (1) Issuers shall provide an outline of coverage to all applicants at the time application is presented to the prospective applicant and, except for direct response policies, shall obtain an acknowledgment of receipt of the outline from the applicant. If an outline of coverage is provided at the time of application and the Medicare supplement policy or certificate is issued on a basis which would require revision of the outline, a substitute outline of coverage properly describing the policy or certificate shall accompany the policy or certificate when it is delivered and contain the following statement, in no less than 12-point type, immediately above the company name:

"NOTICE: Read this outline of coverage carefully. It is not identical to the outline of coverage provided upon application and the coverage originally applied for has not been issued."

(2) The outline of coverage provided to applicants pursuant to this section consists of four parts: a cover page, premium information, disclosure pages, and charts displaying the features of each benefit plan offered by the issuer. The outline of coverage shall be in the language and format prescribed below in no less than 12-point type. All plans A-L shall be shown on the cover page, and the plans that are offered by the issuer shall be prominently identified. Premium information for plans that are offered shall be shown on the cover page or immediately following the cover page and shall be prominently displayed. The premium and mode shall be stated for all plans that are offered to the prospective applicant. All possible premiums for the prospective applicant shall be illustrated.

(3) The commissioner may adopt regulations to implement this article, including, but not limited to, regulations that specify the required information to be contained in the outline of coverage provided to applicants pursuant to this section, including the format of tables, charts, and other information.

(k) (1) Any disability insurance policy or certificate, a basic, catastrophic or major medical expense policy, or single premium nonrenewal policy or certificate issued to persons eligible for Medicare, other than a Medicare supplement policy, a policy issued pursuant to a contract under Section 1876 of the federal Social Security Act (42 U.S.C. Sec. 1395 et seq.), a disability income policy, or any other policy identified in subdivision (b) of Section 10192.3, advertised, solicited,

or issued for delivery in this state to persons eligible for Medicare, shall notify insureds under the policy that the policy is not a Medicare supplement policy or certificate. The notice shall either be printed or attached to the first page of the outline of coverage delivered to insureds under the policy, or if no outline of coverage is delivered, to the first page of the policy or certificate delivered to insureds. The notice shall be in no less than 12-point type and shall contain the following language:

"THIS [POLICY OR CERTIFICATE] IS NOT A MEDICARE SUPPLEMENT [POLICY OR CONTRACT]. If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare available from the company."

(2) Applications provided to persons eligible for Medicare for the disability insurance policies or certificates described in paragraph (1) shall disclose the extent to which the policy duplicates Medicare in a manner required by the commissioner. The disclosure statement shall be provided as a part of, or together with, the application for the policy or certificate.

(*l*) (1) Insurers issuing Medicare supplement policies or certificates for delivery in California shall provide an outline of coverage to all applicants at the time of presentation for examination or sale as provided in Section 10605, and in no case later than at the time the application is made. Except for direct response policies, insurers shall obtain a written acknowledgment of receipt of the outline from the applicant.

Any advertisement that is not a presentation for examination or sale as defined in subdivision (e) of Section 10601 shall contain a notice in no less than 10-point uppercase type that an outline of coverage is available upon request. The insurer or agent that receives any request for an outline of coverage shall provide an outline of coverage to the person making the request within 14 days of receipt of the request.

(2) If an outline of coverage is provided at or before the time of application and the Medicare supplement policy or certificate is issued on a basis that would require revision of the outline, a substitute outline of coverage properly describing the policy or certificate shall accompany the policy or certificate when it is delivered and contain the following statement, in no less than 12-point type, immediately above the name:

"NOTICE: Read this outline of coverage carefully. It is not identical to the outline of coverage provided upon application and the coverage originally applied for has not been issued."

(3) The outline of coverage shall be in the language and format prescribed in this subdivision in no less than 12-point type, and shall include the following items in the order prescribed below. Titles, as set forth below in paragraphs (B) to (H), inclusive, shall be capitalized, centered, and printed in boldface type. The outline of coverage shall include the items, and in the same order, specified in the chart set forth in Section 17 of the Model Regulation to implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act, as adopted by the National Association of Insurance Commissioners in 2004.

(A) The cover page shall contain the 12-plan (A-L) charts. The plans offered by the insurer shall be clearly identified. Innovative benefits shall be explained in a manner approved by the commissioner. The text shall read:

"Medicare supplement insurance can be sold in only 12 standard plans. This chart shows the benefits included in each plan. Every insurance company must offer Plan A. Some plans may not be available.

The BASIC BENEFITS included in ALL plans are:

Hospitalization: Medicare Part A coinsurance plus coverage for 365 additional days after Medicare benefits end.

Medical expenses: Medicare Part B coinsurance (usually 20 percent of the Medicare-approved amount).

Blood: First three pints of blood each year.

Mammogram: One annual screening to the extent not covered by Medicare.

Cervical cancer test: One annual screening."

[Reference to the mammogram and cervical cancer test shall not be included so long as California is required to disallow them for Medicare beneficiaries by the Centers for Medicare and Medicaid Services or other agent of the federal government under 42 U.S.C. Sec. 1395ss.]

(B) PREMIUM INFORMATION. Premium information for plans that are offered by the insurer shall be shown on, or immediately following, the cover page and shall be clearly and prominently displayed. The premium and mode shall be stated for all offered plans. All possible premiums for the prospective applicant shall be illustrated in writing. If the premium is based on the increasing age of the insured, information specifying when and how premiums will change shall be clearly illustrated in writing. The text shall state: "We [the insurer's name] can only raise your premium if we raise the premium for all policies like yours in California."

(C) The text shall state: "Use this outline to compare benefits and premiums among policies."

(D) READ YOUR POLICY VERY CAREFULLY. The text shall state: "This is only an outline describing your policy's most important features. The policy is your insurance contract. You must read the policy itself to understand all of the rights and duties of both you and your insurance company."

(E) THIRTY-DAY RIGHT TO RETURN THIS POLICY. The text shall state: "If you find that you are not satisfied with your policy, you may return it to [insert the insurer's address]. If you send the policy back to us within 30 days after you receive it, we will treat the policy as if it has never been issued and return all of your payments."

(F) POLICY REPLACEMENT. The text shall read: "If you are replacing another health insurance policy, do NOT cancel it until you have actually received your new policy and are sure you want to keep it."

(G) DISCLOSURES. The text shall read: "This policy may not fully cover all of your medical costs." "Neither this company nor any of its agents are connected with Medicare." "This outline of coverage does not give all the details of Medicare coverage. Contact your local social security office or consult 'The Medicare Handbook' for more details." "For additional information concerning policy benefits, contact the Health Insurance Counseling and Advocacy Program (HICAP) or your agent. Call the HICAP toll-free telephone number, 1-800-434-0222, for a referral to your local HICAP office. HICAP is a service provided free of charge by the State of California."

The disclosure required by this paragraph, as revised by amendments made during the 1996 portion of the 1995-96 Regular Session, shall be included in the required disclosure form no later than January 1, 1998.

(H) [For policies that are not guaranteed issue] COMPLETE ANSWERS ARE IMPORTANT. The text shall read: "When you fill out the application for a new policy, be sure to answer truthfully and completely all questions about your medical and health history. The company may have the right to cancel your policy and refuse to pay any claims if you leave out or falsify important medical information.

Review the application carefully before you sign it. Be certain that all information has been properly recorded."

(I) One chart for each benefit plan offered by the insurer showing the services, Medicare payments, payments under the policy and payments expected from the insured, using the same uniform format and language. No more than four plans may be shown on one page. Include an explanation of any innovative benefits in a manner approved by the commissioner.

(m) An issuer shall comply with all notice requirements of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173).

SEC. 29. Section 10192.18 of the Insurance Code is amended to read:

10192.18. (a) Application forms shall include the following questions designed to elicit information as to whether, as of the date of the application, the applicant currently has Medicare supplement, Medicare Advantage, Medi-Cal coverage, or another health insurance policy or certificate in force or whether a Medicare supplement policy or certificate is intended to replace any other disability policy or certificate presently in force. A supplementary application or other form to be signed by the applicant and agent containing those questions and statements may be used.

"(Statements)

(1) You do not need more than one Medicare supplement policy.

(2) If you purchase this policy, you may want to evaluate your existing health coverage and decide if you need multiple coverages.

(3) You may be eligible for benefits under Medi-Cal and may not need a Medicare supplement policy.

(4) If after purchasing this policy you become eligible for Medi-Cal, the benefits and premiums under your Medicare supplement policy can be suspended, if requested, during your entitlement to benefits under Medi-Cal for 24 months. You must request this suspension within 90 days of becoming eligible for Medi-Cal. If you are no longer entitled to Medi-Cal, your suspended Medicare supplement policy or if that is no longer available, a substantially equivalent policy, will be reinstituted if requested within 90 days of losing Medi-Cal eligibility. If the Medicare supplement policy provided coverage for outpatient prescription drugs and you enrolled in Medicare Part D while your policy was suspended, the reinstituted policy will not have outpatient prescription drug coverage, but will otherwise be substantially equivalent to your coverage before the date of the suspension.

(5) If you are eligible for, and have enrolled in, a Medicare supplement policy by reason of disability and you later become covered by an employer or union-based group health plan, the benefits and premiums under your Medicare supplement policy can be suspended, if requested, while you are covered under the employer or union-based group health plan. If you suspend your Medicare supplement policy under these circumstances and later lose your employer or union-based group health plan, your suspended Medicare supplement policy or if that is no longer

available, a substantially equivalent policy, will be reinstituted if requested within 90 days of losing your employer or union-based group health plan. If the Medicare supplement policy provided coverage for outpatient prescription drugs and you enrolled in Medicare Part D while your policy was suspended, the reinstituted policy will not have outpatient prescription drug coverage, but will otherwise be substantially equivalent to your coverage before the date of the suspension.

(6) Counseling services are available in this state to provide advice concerning your purchase of Medicare supplement insurance and concerning medical assistance through the Medi-Cal program, including benefits as a qualified Medicare beneficiary (QMB) and a specified low-income Medicare beneficiary (SLMB). If you want to discuss buying Medicare supplement insurance with a trained insurance counselor, call the California Department of Insurance's toll-free telephone number 1-800-927-HELP, and ask how to contact your local Health Insurance Counseling and Advocacy Program (HICAP) office. HICAP is a service provided free of charge by the State of California.

(Questions)

If you lost or are losing other health insurance coverage and received a notice from your prior insurer saying you were eligible for guaranteed issue of a Medicare supplement insurance policy or that you had certain rights to buy such a policy, you may be guaranteed acceptance in one or more of our Medicare supplement plans. Please include a copy of the notice from your prior insurer with your application. PLEASE ANSWER ALL QUESTIONS.

[Please mark Yes or No below with an "X."]

To the best of your knowledge,

(1) (a) Did you turn 65 years of age in the last 6 months?

Yes____ No____

(b) Did you enroll in Medicare Part B in the last 6 months?

Yes____ No____

(c) If yes, what is the effective date? _____

(2) Are you covered for medical assistance through California's Medi-Cal program?

NOTE TO APPLICANT: If you have a share of cost under the Medi-Cal program, please answer NO to this question.

Yes____ No____

If yes,

(a) Will Medi-Cal pay your premiums for this Medicare supplement policy?

Yes____ No____

(b) Do you receive benefits from Medi-Cal OTHER THAN payments toward your Medicare Part B premium?

Yes____ No____

(3) (a) If you had coverage from any Medicare plan other than original Medicare within the past 63 days (for example, a Medicare Advantage plan or a Medicare HMO or PPO), fill in your start and end dates below. If you are still covered under this plan, leave "END" blank.

START __/__/__ END __/__/__

(b) If you are still covered under the Medicare plan, do you intend to replace your current coverage with this new Medicare supplement policy?

Yes____ No____

(c) Was this your first time in this type of Medicare plan?

Yes____ No____

(d) Did you drop a Medicare supplement policy to enroll in the Medicare plan?

Yes____ No____

(4) (a) Do you have another Medicare supplement policy in force?

Yes____ No____

(b) If so, with what company, and what plan do you have [optional for direct mailers]?

Yes____ No____

(c) If so, do you intend to replace your current Medicare supplement policy with this policy?

Yes____ No____

(5) Have you had coverage under any other health insurance within the past 63 days? (For example, an employer, union, or individual plan)

Yes____ No____

(a) If so, with what companies and what kind of policy?

_____

_____

_____

_____

(b) What are your dates of coverage under the other policy?

START __/__/__ END __/__/__

(If you are still covered under the other policy, leave "END" blank.)

(b) Agents shall list any other health insurance policies they have sold to the applicant as follows:

(1) List policies sold that are still in force.

(2) List policies sold in the past five years that are no longer in force.

(c) In the case of a direct response issuer, a copy of the application or supplemental form, signed by the applicant, and acknowledged by

the issuer, shall be returned to the applicant by the issuer upon delivery of the policy.

(d) Upon determining that a sale will involve replacement of Medicare supplement coverage, any issuer, other than a direct response issuer, or its agent, shall furnish the applicant, prior to issuance for delivery of the Medicare supplement policy or certificate, a notice regarding replacement of Medicare supplement coverage. One copy of the notice signed by the applicant and the agent, except where the coverage is sold without an agent, shall be provided to the applicant and an additional signed copy shall be retained by the issuer as provided in Section 10508. A direct response issuer shall deliver to the applicant at the time of the issuance of the policy the notice regarding replacement of Medicare supplement coverage.

(e) The notice required by subdivision (d) for an issuer shall be in the form specified by the commissioner, using, to the extent practicable, a model notice prepared by the National Association of Insurance Commissioners for this purpose. The replacement notice shall be printed in no less than 10-point type in substantially the following form:

[Insurer's name and address]

NOTICE TO APPLICANT REGARDING REPLACEMENT OF MEDICARE SUPPLEMENT COVERAGE OR MEDICARE ADVANTAGE

SAVE THIS NOTICE! IT MAY BE IMPORTANT IN THE FUTURE.

If you intend to cancel or terminate existing Medicare supplement or Medicare Advantage insurance and replace it with coverage issued by [company name], please review the new coverage carefully and replace the existing coverage ONLY if the new coverage materially improves your position. DO NOT CANCEL YOUR PRESENT COVERAGE UNTIL YOU HAVE RECEIVED YOUR NEW POLICY AND ARE SURE THAT YOU WANT TO KEEP IT.

If you decide to purchase the new coverage, you will have 30 days after you receive the policy to return it to the insurer, for any reason, and receive a refund of your money.

If you want to discuss buying Medicare supplement or Medicare Advantage coverage with a trained insurance counselor, call the California Department of Insurance's toll-free telephone number 1-800-927-HELP, and ask how to contact your local Health Insurance Counseling and Advocacy Program (HICAP) office. HICAP is a service provided free of charge by the State of California.

STATEMENT TO APPLICANT FROM THE INSURER AND AGENT: I have reviewed your current health insurance coverage. To the best of my knowledge, the replacement of insurance involved in this transaction does not duplicate coverage. In addition, the replacement coverage contains benefits that are clearly and substantially greater than your current benefits for the following reasons:

__ Additional benefits that are: _____

__ No change in benefits, but lower premiums.

__ Fewer benefits and lower premiums.

__ Plan has outpatient prescription drug coverage and applicant is enrolled in Medicare Part D.

__ Disenrollment from a Medicare Advantage plan. Reasons for disenrollment:

__ Other reasons specified here: _____

DO NOT CANCEL YOUR PRESENT POLICY UNTIL YOU HAVE RECEIVED YOUR NEW POLICY AND ARE SURE THAT YOU WANT TO KEEP IT.

_____

(Signature of Agent, Broker, or Other Representative)

_____

(Signature of Applicant)

_____

(Date)

(f) No issuer, broker, agent, or other person shall cause an insured to replace a Medicare supplement insurance policy unnecessarily. In recommending replacement of any Medicare supplement insurance, an agent shall make reasonable efforts to determine the appropriateness to the potential insured.

(g) Commencing January 1, 2007, an issuer shall not require or request health information from an applicant who is guaranteed issuance of any Medicare supplement coverage or require or request the applicant to sign a form required by the federal Health Insurance Portability and Accountability Act of 1996. The application form shall include a clear and conspicuous statement that the applicant is not required to provide health information or to sign a form required by the federal Health Insurance Portability and Accountability Act of 1996 during a period of guaranteed issuance of any Medicare supplement coverage and shall inform the applicant of periods of guaranteed insurance of Medicare supplement coverage. A supplementary application or other form containing those statements that the applicant and solicitor are required

to sign may be used for this purpose. This subdivision shall not prohibit an issuer from requiring proof of eligibility for a guaranteed issuance of Medicare supplement coverage.

SEC. 30. Section 10192.20 of the Insurance Code is amended to read:

10192.20. (a) An issuer, directly or through its producers, shall do each of the following:

(1) Establish marketing procedures to ensure that any comparison of policies by its agents or other producers will be fair and accurate.

(2) Establish marketing procedures to ensure that excessive insurance is not sold or issued.

(3) Display prominently by type, stamp, or other appropriate means, on the first page of the policy, the following:

"Notice to buyer: This policy may not cover all of your medical expenses."

(4) Inquire and otherwise make every reasonable effort to identify whether a prospective applicant for a Medicare supplement policy already has health insurance and the types and amounts of that insurance.

(5) Establish auditable procedures for verifying compliance with this subdivision.

(b) In addition to the practices prohibited by this code or any other law, the following acts and practices are prohibited:

(1) Twisting, which means knowingly making any misleading representation or incomplete or fraudulent comparison of any insurance policies or insurers for the purpose of inducing or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, pledge, assign, borrow on, or convert an insurance policy or to take out a policy of insurance with another insurer.

(2) High pressure tactics, which means employing any method of marketing having the effect of or tending to induce the purchase of insurance through force, fright, threat, whether explicit or implied, or undue pressure to purchase or recommend the purchase of insurance.

(3) Cold lead advertising, which means making use directly or indirectly of any method of marketing that fails to disclose in a conspicuous manner that a purpose of the method of marketing is the solicitation of insurance and that contact will be made by an insurance agent or insurance company.

(c) The terms "Medicare supplement," "Medigap," "Medicare Wrap-Around" and words of similar import shall not be used unless the policy is issued in compliance with this article.

(d) The commissioner each year shall prepare a rate guide for Medicare supplement insurance and Medicare supplement contracts. The commissioner each year shall make the rate guide available on or before the date of the fall Medicare annual open enrollment. The rate guide shall include all of the following for each company that sells Medicare supplemental insurance or Medicare supplement contracts in California:

(1) A listing of all the policies, plans A to L, inclusive, that are available from the company.

(2) A listing of all the policies, plans A to L, inclusive, for Medicare beneficiaries under the age of 65 that are available from the company.

(3) The toll-free telephone number of the company that consumers can use to obtain information from the company.

(4) Sample rates for each policy listed pursuant to paragraphs (1) and (2). The sample rates shall be for ages 0-65, 65, 70, 75, and 80.

(5) The premium rate methodology for each policy listed pursuant to paragraphs (1) and (2). "Premium rate methodology" means attained age, issue age, or community rated.

(6) The waiting period for preexisting conditions for each policy listed pursuant to paragraphs (1) and (2).

(e) The consumer rate guide prepared pursuant to subdivision (d) shall be distributed using all of the following methods:

(1) Through Health Insurance Counseling and Advocacy Program (HICAP) offices.

(2) By telephone, using the department's consumer toll-free telephone number.

(3) On the department's Internet Web site.

(4) In addition to the distribution methods described in paragraphs (1) to (3), inclusive, each insurer that markets Medicare supplement insurance or Medicare supplement contracts in this state shall provide on the application form a statement that reads as follows: "A rate guide is available that compares the policies sold by different insurers. You can obtain a copy of this rate guide by calling the Department of Insurance's consumer toll-free telephone number (1-800-927-HELP), by calling the Health Insurance Counseling and Advocacy Program (HICAP) toll-free telephone number (1-800-434-0222), or by accessing the Department of Insurance's Internet Web site (www.insurance.ca.gov)."

SEC. 31. Section 10192.21 of the Insurance Code is amended to read:

10192.21. (a) In recommending the purchase or replacement of any Medicare supplement policy or certificate, an agent shall make reasonable

efforts to determine the appropriateness of a recommended purchase or replacement.

(b) Any sale of a Medicare supplement policy or certificate that will provide an individual more than one Medicare supplement policy or certificate is prohibited.

(c) An issuer shall not issue a Medicare supplement policy or certificate to an individual enrolled in Medicare Part C unless the effective date of the coverage is after the termination date of the individual's coverage under Medicare Part C.

SEC. 32. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 207

An act to add Part 5.7 (commencing with Section 17800) to Division 9 of the Welfare and Institutions Code, relating to health care.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Part 5.7 (commencing with Section 17800) is added to Division 9 of the Welfare and Institutions Code, to read:

PART 5.7. HEALTH CARE FOR LOW-INCOME PERSONS NOT COVERED BY THE MEDICARE PROGRAM OR THE MEDI-CAL PROGRAM

17800. A not-for-profit hospital that elects to participate in the drug discount program established under Section 340B of the Public Health Service Act may enter into an agreement with the State Department of Health Services for that purpose, which shall be subject to this part.

17801. The State Department of Health Services shall develop a standard contract for use in an agreement entered into pursuant to Section 17800, which shall include, but not be limited to, the following terms:

(a) Initially upon contracting with the State Department of Health Services pursuant to Section 17800, the not-for-profit hospital shall agree to continue its historic commitment to the provision of charity care, as reported to the Office of Statewide Health Planning and Development.

(b) The term of the contract shall continue until terminated by either party upon not less than 60 days' prior written notice to the other party.

CHAPTER 208

An act to amend Section 52301.5 of, and to add Chapter 17.5 (commencing with Section 53086) to, the Education Code, and to amend Sections 10533 and 15037 of, and to repeal Sections 10531 and 10532 of, the Unemployment Insurance Code, relating to pupils.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 52301.5 of the Education Code is amended to read:

52301.5. For the purposes of this chapter:

(a) "California Occupational Information System" means the statewide comprehensive labor market and occupational supply and demand information system described by Section 10530 of the Unemployment Insurance Code.

(b) "State-Local Cooperative Labor Market Information program" means that labor market information system established in Section 10533 of the Unemployment Insurance Code.

(c) "Job market study" means a review of the existing educational programs in light of available labor market information, including occupational supply and demand, for a labor market area.

(d) "Labor market area" means a county or aggregation of counties designated by the Employment Development Department that has one or more central core cities and that meets criteria of population, population density, commute patterns, and social and economic integration specified by the Employment Development Department.

SEC. 2. Chapter 17.5 (commencing with Section 53086) is added to Part 28 of the Education Code, to read:

Chapter 17.5. California Career Resource Network

53086. (a) There is in state government the California Career Resource Network, formerly called the California Occupational Information Coordinating Committee, composed of the Director of Employment Development, the Superintendent, the Chancellor of the California Community Colleges, the Director of Rehabilitation, the Director of Social Services, the Executive Director of the California Workforce Investment Board, the Executive Secretary of the Bureau for Private Postsecondary and Vocational Education, the Director of the California Youth Authority, the Director of the Department of Corrections, and the Director of the Department of Developmental Services, or their designees. This committee is established for the purposes of Section 2328 of Title 20 of the United States Code, for the purposes of this article, and for other purposes authorized by the Legislature.

(b) The mission of the California Career Resource Network is to provide all persons in California with career development information and resources to enable them to reach their career goals.

(c) The primary duty of the California Career Resource Network is to distribute career information, resources, and training materials to middle school and high school counselors, educators, and administrators, in order to ensure that middle schools and high schools have the necessary information available to provide a pupil with guidance and instruction on education and job requirements necessary for career development.

(d) Information and resources distributed by the California Career Resource Network shall provide all of the following:

(1) Encouragement to completing a secondary education.

(2) Career exploration tools, provided in written and multimedia format, that offer an introduction to the nature of career planning, self-assessment, methods of investigating the work world, methods of identifying and meeting education and training needs, and methods of creating a career action plan.

(3) Relevant information on the labor market and career opportunities.

(4) Assistance to a pupil in the acquisition and development of career competencies including the appropriate skills, attitudes, and knowledge to allow a pupil to successfully manage his or her career.

(e) The network shall perform its duties only upon funding provided in the annual Budget Act.

SEC. 3. Section 10531 of the Unemployment Insurance Code is repealed.

SEC. 4. Section 10532 of the Unemployment Insurance Code is repealed.

SEC. 5. Section 10533 of the Unemployment Insurance Code is amended to read:

10533. (a) The Employment Development Department shall operate the State-Local Cooperative Labor Market Information Program as the primary component of the comprehensive labor market and occupational supply and demand information system described by Section 10530. The department shall consult with agencies listed in Section 10530 in the development and operation of this program.

(b) The objectives of this program shall be to produce, through extensive local participation and for distribution in effective formats to all local users, reliable occupational information, and to achieve cost-efficient production by avoiding duplication of efforts. The program shall be a primary source for local and statewide occupational information and shall be available in all labor market areas in the state.

(c) In producing this information, state and local agencies shall use state occupational forecasts and other indicators of occupational growth, combined with local employer surveys of recruitment practices, job qualifications, earnings and hours, advancement and outlook, to provide statistically valid occupational analyses for local job training and education programs.

(d) Local labor market information studies shall be conducted by the department or by a local entity and shall include the participation of local users of the information.

SEC. 6. Section 15037 of the Unemployment Insurance Code is amended to read:

15037. The California Workforce Investment Board shall:

(a) Review and comment on the state workforce development plan developed pursuant to Section 11011.

(b) Develop and recommend to the Governor a coordination and special services plan, which includes a dislocated workers assistance plan, in accordance with Chapter 4.5 (commencing with Section 10510) of Part 1 of Division 3.

(c) Recommend to the Governor local service delivery areas. To the extent permitted by federal law, designation of service delivery areas shall reflect the intent of the Legislature to integrate and coordinate employment and training services, public assistance programs, and other educational and training efforts as may exist which are designed to assist individuals in preparing for participation in the labor force.

(d) To the extent permitted by federal law, establish policies which shall be followed by the department in performing all of the following functions:

(1) Approval of local service delivery area plans.

(2) Establishment of standards, criteria, and reporting requirements established by the department pursuant to this division with respect to local service delivery area plans.

(3) Allocation of funds for local service delivery area plans, including funds for plans submitted under Chapter 7.5 (commencing with Section 15075).

(e) Plan, review and approve the allocation, recapture, and reallocation of federal funds received by the state pursuant to the federal Job Training Partnership Act. Funds received by the state in accordance with Sections 202(c)(1)(C) and 262(c)(1)(C) of that act shall be allocated to the Superintendent of Public Instruction as necessary to meet the need determined by the superintendent pursuant to Section 33117.5 of the Education Code. The board shall be deemed to have approved the disbursement of funds when the Governor approves a decision of the board specifying a budget for an authorized program or activity and designating the department or agency responsible for the expenditure of the budgeted funds. An agreement shall be entered into between the Employment Development Department and the State Department of Education and shall provide that Job Training Partnership Act funds provided for the purposes of Section 33117.5 of the Education Code shall be utilized for payment to local educational agencies.

(f) Review and approve the annual labor market and occupational supply and demand information plan described by Section 10530.

(g) Consider and advise the director on all matters connected with the administration of this code as submitted to it by the director, and may upon its own initiative recommend changes in administration as it deems necessary.

(h) Review and comment to the Governor and the Legislature on the annual report prepared in accordance with Section 15064.

(i) Serve as the body responsible for making recommendations to the Governor when the director proposes to withdraw funding pursuant to Section 15028.

CHAPTER 209

An act to add Section 44287.1 to the Health and Safety Code, relating to air resources.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

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

(a) Nonroad zero-emission technologies and equipment, including, but not limited to, electric or fuel-cell powered forklifts and other lift trucks, airport ground support equipment, industrial tow tractors, industrial burden and personnel carriers, sweepers, scrubbers and varnishers, and other small nonroad zero-emission technologies and equipment that replaces similar nonroad internal combustion technologies and equipment produces a large percentage reduction in criteria air pollutants, including particulates, nitrogen oxides, and reactive organic gases, as well as reductions in greenhouse gas emissions, and contributes to increased fuel diversity and energy security.

(b) These nonroad zero-emission technologies and equipment are, or should be, eligible for incentives under the Carl Moyer Memorial Air Quality Standards Attainment Program (Chapter 9 (commencing with Section 44275) of Part 5 of Division 26 of the Health and Safety Code) to the extent that they replace or supplant more polluting nonroad internal combustion technologies and equipment, both existing and new.

(c) The State Air Resources Board has restricted eligibility for some categories of nonroad zero-emission technologies and equipment because of concerns that in some instances applicants may be replacing old nonroad zero-emission technologies and equipment with new nonroad zero-emission technologies and equipment, which may not be producing real, enforceable, quantifiable, and surplus emission reductions.

(d) One way for an applicant to demonstrate that it is replacing existing nonroad internal combustion technologies and equipment with new nonroad zero-emission technologies and equipment is to turn in or "scrap" an older piece of nonroad internal combustion technologies and equipment that it has owned and that still has some useful life, and replace it with the purchase of new nonroad zero-emission technologies and equipment. This practice is generally referred to as "scrap and buy" or "scrap and replace."

(e) An applicant that replaces useful older nonroad internal combustion technologies and equipment with new nonroad zero-emission technologies and equipment creates two separate streams of emission reductions, both of which should be counted in this transaction, provided that they are real, enforceable, quantifiable, and surplus emission reductions: first, the transaction displaces the emissions from the older nonroad internal combustion technologies and equipment for its remaining life; second, after the remaining life of the older nonroad internal combustion equipment and technologies, the transaction produces additional emission reductions representing the difference between the

purchase of new nonroad internal combustion technologies and equipment and new nonroad zero-emission technologies and equipment.

SEC. 2. Section 44287.1 is added to the Health and Safety Code, to read:

44287.1. (a) The state board shall, at its first opportunity, revise the grant criteria and guidelines adopted pursuant to Section 44287 to incorporate projects in which an applicant turns in nonroad internal combustion technology and equipment that the applicant owns and that still has some useful life, coupled with the purchase of new nonroad zero-emission technology and equipment that is in a similar category or that can perform the same work.

(b) When it evaluates the benefits of a project described in subdivision (a), the state board shall count both of the following emission reduction streams, provided that they are real, enforceable, quantifiable, and surplus emission reductions:

(1) The displacement of the emissions from the older nonroad internal combustion technology and equipment for its remaining life with the new nonroad zero-emission technology and equipment.

(2) After the time period specified in paragraph (1), the displacement of emissions from new nonroad internal combustion technology and equipment meeting the emission standards in place at time of purchase, with the new nonroad zero-emission technology and equipment over its remaining life.

(c) A project described in subdivision (a) shall meet the cost-effectiveness criteria in Section 44283 and all other criteria of the program, including the requirement that the emission reductions be real, enforceable, quantifiable, and surplus.

(d) The incremental cost of a project described in subdivision (a) may include, at the discretion of the applicant, some or all of the reasonable salvage value of the nonroad internal combustion technology and equipment turned in, as determined by the state board, and some or all of any additional costs incurred for necessary recharging equipment or infrastructure as determined by the state board. However, an applicant that elects to include these costs shall be required to meet the cost-effectiveness criteria in Section 44283.

CHAPTER 210

An act to add Article 2.7 (commencing with Section 71639) to Chapter 2 of Part 5 of Division 20 of the Water Code, relating to water.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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 Three Valleys Municipal Water District (TVMWD) is located in eastern Los Angeles County and is a member public agency of the Metropolitan Water District of Southern California (MWD). TVMWD distributes at wholesale to approximately 14 retail agencies imported water made available from the Colorado River and the State Water Project.

(b) In or about July 1995, MWD began assessing each of its member public agencies a readiness-to-serve (RTS) charge for the purpose of generating firm revenues to pay for debt service on MWD's capital improvement program. As of the 2002–03 fiscal year, the amount of the RTS charge imposed on TVMWD by MWD totaled approximately three million one hundred fifty thousand dollars ($3,150,000).

(c) Prior to the levy of the RTS charge, MWD had a standby charge in place. When the RTS charge was imposed, MWD member public agencies were allowed an option to have MWD continue collecting the standby charge to help offset a portion of the RTS charge. TVMWD exercised this option, and the MWD standby charge covers about one million eight hundred thousand dollars ($1,800,000) of TVMWD's annual RTS obligation. Thus, TVMWD is in need of a means for collecting the remainder of the RTS charge not covered by the MWD standby charge.

(d) A standby charge is the most appropriate mechanism to fully finance the portion of the RTS charge not funded by the MWD standby charge because the recognized purpose of a standby charge is to generate sufficient funds to pay for the types of water-related services intended to be financed by MWD's RTS charge, and because the imposition of a standby charge is consistent with the manner in which MWD itself has treated the assessment responsibilities for its own RTS charge. Otherwise, TVMWD would be required to continue to fund the RTS shortfall by increasing its water rates to its retail agencies.

(e) Thus, on July 10, 1996, TVMWD's board of directors adopted a resolution that established a standby charge designed to fund MWD's RTS charge and related administrative costs incurred by TVMWD in connection therewith. The resolution expressly provided that the standby charge was based upon the report of a qualified engineer which fixed the amount of the standby charge for the 1996-97 fiscal year at five

dollars and ninety-two cents ($5.92) per equivalent dwelling unit (EDU). Further, the engineer's report provides for the adjustment of that standby charge during subsequent fiscal years according to the actual amount by which the RTS charge increases, and subject to a maximum assessment amount of twenty-nine dollars and forty-one cents ($29.41) per EDU.

(f) Thereafter, on November 5, 1996, Proposition 218 was approved by the voters, which added Article XIII C and Article XIII D to the California Constitution. TVMWD's standby charge is subject to Section 4 of Article XIII D which details the procedures and requirements that an agency is required to follow for the levy of all assessments. As a result, TVMWD has been required to readopt its standby charge each fiscal year at the original rate of five dollars and ninety-two cents ($5.92) per EDU. Consequently, TVMWD has only received approximately one million dollars ($1,000,000) each year through the collection of its standby charge at the five dollars and ninety-two cents ($5.92) per EDU rate. After deducting the one million eight hundred thousand dollars ($1,800,000) contribution attributable to the MWD standby charge from the total RTS liability of three million one hundred fifty thousand dollars ($3,150,000) for the 2002-03 fiscal year, TVMWD has been required to collect the remaining unfunded amount of nearly three hundred fifty thousand dollars ($350,000) in the 2002-03 fiscal year through increased water rates charged to its retail agencies.

(g) Consequently, this act is necessary in order to achieve the desired objectives of ensuring a fair and adequate mechanism to generate revenue to pay MWD's RTS charge and preventing the need for TVMWD to cause rate increases to be levied on current water users who would be subsidizing the owners of vacant property within TVMWD for the cost of having MWD and TVMWD ready, willing, and available to provide water service to their parcels.

SEC. 2. Article 2.7 (commencing with Section 71639) is added to Chapter 2 of Part 5 of Division 20 of the Water Code, to read:

Article 2.7. Standby Assessments

71639. (a) This article applies to the Three Valleys Municipal Water District.

(b) Notwithstanding any other provision of law, the district, by resolution, may adopt an assessment with a schedule of annual adjustments, and adjust the amount of an assessment in accordance with this section, if the adjustment is made in the same manner as provided for taxes, fees, and charges in subparagraph (A) or (B) of paragraph (2) of subdivision (h) of Section 53750 of the Government Code.

(c) The district shall cause notice of the intent to adopt the resolution to be published pursuant to Section 6066 of the Government Code prior to the date set for the adoption of the assessment, and shall hear any and all objections at the time and place set forth in the notice. The district, at the time and place specified in the notice, shall conduct the hearing and consider all objections to the assessment. Thereafter, the district may adjust the assessment, if all of the following conditions are met:

(1) The amount of the assessment does not exceed twenty-nine dollars and forty-one cents ($29.41) per equivalent dwelling unit.

(2) The revenue raised by the assessment, including its annual adjustments, is used exclusively to fund the readiness-to-serve charge, or equivalent charge, imposed upon the district by the Metropolitan Water District of Southern California, and related administrative costs.

(3) The district adjusts its water rates to its retail agencies by an amount necessary to prevent surplus funding of the readiness-to-serve charge imposed upon the district by the Metropolitan Water District of Southern California.

(d) For the purposes of Article XIII C and Article XIII D of the California Constitution, the district has not increased an assessment if the district adjusts an assessment in the same manner as provided for taxes, fees, and charges in subparagraph (A) or (B) of paragraph (2) of subdivision (h) of Section 53750 of the Government Code.

SEC. 3. The Legislature finds and declares that this act, which is applicable only to the Three Valleys Municipal Water District, is necessary because of unique and special problems in that 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 public good.

CHAPTER 211

An act to amend Section 19008 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 19008 of the Revenue and Taxation Code is amended to read:

19008. (a) The Franchise Tax Board may, in cases of financial hardship, as determined by the Franchise Tax Board, allow a taxpayer to enter into installment payment agreements with the Franchise Tax Board to make full or partial payment of taxes due, plus applicable interest and penalties over the life of the installment period. Failure by a taxpayer to comply fully with the terms of the installment payment agreement shall render the agreement null and void, unless the Franchise Tax Board determines that the failure was due to a reasonable cause, and the total amount of tax, interest, and all penalties shall be immediately due and payable.

(b) In the case of a liability for tax of an individual under Part 10 (commencing with Section 17001) or this part, the Franchise Tax Board shall enter into an agreement to accept the full payment of the tax in installments if, as of the date the individual offers to enter into the agreement, all of the following apply:

(1) The aggregate amount of the liability (determined without regard to interest, penalties, additions to the tax and additional amounts) does not exceed ten thousand dollars ($10,000).

(2) The taxpayer (and, if the liability relates to a joint return, the taxpayer's spouse) has not during any of the preceding five taxable years done any of the following:

(A) Failed to file any return of tax imposed under Part 10 (commencing with Section 17001) or this part.

(B) Failed to pay any tax required to be shown on the return.

(C) Entered into an installment agreement under this section for payment of any tax imposed by Part 10 (commencing with Section 17001) or this part.

(3) The Franchise Tax Board determines that the taxpayer is financially unable to pay the liability in full when due, and the taxpayer submits any information as the Franchise Tax Board may require to make this determination.

(4) The agreement requires full payment of the liability within three years.

(5) The taxpayer agrees to comply with the provisions of this part and Part 10 (commencing with Section 17001) for the period the agreement is in effect.

(c) Except in any case where the Franchise Tax Board finds collection of the tax to which an installment payment agreement relates to be in jeopardy, or there is a mutual consent to terminate, alter, or modify the

agreement, the agreement shall not be considered null and void, or otherwise terminated, unless both of the following occur:

(1) A notice of termination is provided to the taxpayer not later than 30 days before the date of termination.

(2) The notice includes an explanation of why the Franchise Tax Board intends to terminate the agreement.

(d) No levy may be issued on the property or rights to property of any person with respect to any unpaid tax:

(1) During the period that an offer by the taxpayer for an installment agreement under this section for payment of the unpaid tax is pending with the Franchise Tax Board.

(2) If the offer is rejected by the Franchise Tax Board, during the 30 days thereafter and, if a request for review of the rejection is filed within the 30 days, during the period that the review is pending.

(3) During the period that the installment agreement for payment of the unpaid tax is in effect.

(4) If the agreement is terminated by the Franchise Tax Board, during the 30 days thereafter (and, if a request for review of the termination is filed within the 30 days, during the period that the review is pending).

(5) This subdivision shall not apply with respect to any of the following:

(A) Any unpaid tax if either of the following occurs:

(i) The taxpayer files a written notice with the Franchise Tax Board that waives the restriction imposed by this subdivision on levy with respect to the tax.

(ii) The Franchise Tax Board finds that the collection of that tax is in jeopardy.

(B) Any levy that was first issued before the date that the applicable proceeding under this subdivision commenced.

(C) At the discretion of the Franchise Tax Board, any unpaid tax for which the taxpayer makes an offer of an installment agreement subsequent to a rejection of an offer of an installment agreement with respect to that unpaid tax (or to any review thereof).

(D) The period of limitation under Section 19371 shall be suspended for the period during which the Franchise Tax Board is prohibited under this subdivision from making a levy.

(e) The Taxpayers' Rights Advocate shall establish procedures for an independent departmental administrative review for the rejection of the offer of an installment payment and for installment payment agreements that are rendered null and void, or otherwise terminated under this section, for taxpayers that request that review. This administrative review shall not be subject to Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 of the Government Code.

Unless review is requested by the taxpayer within 30 days of the date of rejection of the offer of an installment agreement or termination of the installment agreement, this administrative review shall not stay collection of the tax to which the installment payment agreement relates.

(f) In the case of an agreement entered into by the Franchise Tax Board under subdivision (a) for partial payment of a tax liability, the Franchise Tax Board shall review the agreement at least once every two years.

(g) (1) In the case of any taxpayer that is making payments to the Franchise Tax Board under an informal payment arrangement that was in existence prior to the effective date of the act adding this subdivision, that informal payment arrangement, for purposes of this section, shall be treated as an installment payment agreement that was entered into on the later of the following:

(A) January 1, 2005.

(B) The date on which the arrangement was established by the Franchise Tax Board.

(2) In any case where the date determined under the rules of paragraph (1) is a date prior to February 1, 2005, the amount due under the informal payment arrangement as of February 1, 2005, shall be treated as an installment payment agreement amount as of the start of the amnesty program within the meaning of Section 19738.

(3) Section 19591 does not apply to either of the following:

(A) Informal payment arrangements treated as installment payment agreements under paragraph (1).

(B) Installment payment agreements authorized by the amendments made by the act adding this subdivision that were entered into prior to July 1, 2005, or the effective date of the act adding this subdivision, whichever occurs later.

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:

To provide relief to certain taxpayers that would otherwise be unreasonably penalized under the provisions of the amnesty legislation, it is necessary that this act take effect immediately.

CHAPTER 212

An act to amend Section 17510.3 of the Business and Professions Code, relating to charitable solicitations.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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

SECTION 1. Section 17510.3 of the Business and Professions Code is amended to read:

17510.3. (a) Prior to any solicitation or sales solicitation for charitable purposes, the solicitor or seller shall exhibit to the prospective donor or purchaser a card entitled "Solicitation or Sale for Charitable Purposes Card." The card shall be signed and dated under penalty of perjury by an individual who is a principal, staff member, or officer of the soliciting organization. The card shall give the name and address of the soliciting organization or the person who signed the card and the name and business address of the paid individual who is doing the actual soliciting.

In lieu of exhibiting a card, the solicitor or seller may distribute during the course of the solicitation any printed material, such as a solicitation brochure, provided the material complies with the standards set forth below, and provided that the solicitor or seller informs the prospective donor or purchaser that the information as required below is contained in the printed material.

Information on the card or printed material shall be presented in at least 10-point type and shall include the following:

(1) The name and address of the combined campaign, each organization, or fund on behalf of which all or any part of the money collected will be utilized for charitable purposes.

(2) If there is no organization or fund, the manner in which the money collected will be utilized for charitable purposes.

(3) The non-tax-exempt status of the organization or fund, if the organization or fund for which the money or funds are being solicited does not have a charitable tax exemption under both federal and state law.

(4) The percentage of the total gift or purchase price which may be deducted as a charitable contribution under both federal and state law. If no portion is so deductible the card shall state that "This contribution is not tax deductible."

(5) If the organization making the solicitation represents any nongovernmental organization by any name which includes, but is not limited to, the term "officer," "peace officer," "police," "law enforcement," "reserve officer," "deputy," "California Highway Patrol," "Highway Patrol," "deputy sheriff," "firefighter," or "fire marshall," which would reasonably be understood to imply that the organization is

composed of law enforcement or firefighting personnel, the solicitor shall give the total number of members in the organization and the number of members working or living within the county where the solicitation is being made, and if the solicitation is for advertising, the statewide circulation of the publication in which the solicited ad will appear.

(6) If the organization making the solicitation represents any nongovernmental organization by any name which includes, but is not limited to, the term "veteran" or "veterans," which would reasonably be understood to imply that the organization is composed of veterans, the solicitor shall give the total number of members in the organization and the number of members working or living within the county where the solicitation is being made. This paragraph does not apply to federally chartered or state incorporated veterans' organizations with 200 or more dues paying members or to a thrift store operated or controlled by a federally chartered or state incorporated veterans' organization. This paragraph does not apply to any state incorporated community-based organization that provides direct services to veterans and their families and qualifies as a tax-exempt organization under Section 501(c)(3) or 501(c)(19) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code.

(b) Knowing and willful noncompliance by any individual volunteer who receives no compensation of any type from or in connection with a solicitation by any charitable organization shall subject the solicitor or seller to the penalties of the law.

(c) When the solicitation is not a sales solicitation, any individual volunteer who receives no compensation of any type from, or in connection with, a solicitation by any charitable organization may comply with the disclosure provisions by providing the name and address of the charitable organization on behalf of which all or any part of the money collected will be utilized for charitable purposes, by stating the charitable purposes for which the solicitation is made, and by stating to the person solicited that information about revenues and expenses of the organization, including its administration and fundraising costs, may be obtained by contacting the organization's office at the address disclosed. The organization shall provide this information to the person solicited within seven days after receipt of the request.

(d) A volunteer who receives no compensation of any type from, or in connection with, a solicitation or sales solicitation by a charitable organization which has qualified for a tax exemption under Section 501(c)(3) of the Internal Revenue Code of 1954, and who is 18 years of age or younger, is not required to make any disclosures pursuant to this section.

(e) If any provision of this section or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of this section which can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.

CHAPTER 213

An act to amend Section 53395.1 of, and to repeal and add Section 53395.8 of, the Government Code, relating to infrastructure financing districts.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 53395.1 of the Government Code is amended to read:

53395.1. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "Affected taxing entity" means any governmental taxing agency which levied or had levied on its behalf a property tax on all or a portion of the property located in the proposed district in the fiscal year prior to the designation of the district, but not including any county office of education, school district, or community college district.

(b) "City" means a city, a county, or a city and county.

(c) "Debt" means any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals.

(d) "Designated official" means the city engineer or other appropriate official designated pursuant to Section 53395.13.

(e) (1) "District" means an infrastructure financing district.

(2) An infrastructure financing district is a "district" within the meaning of Section 1 of Article XIII A of the California Constitution.

(f) "Infrastructure financing district" means a legally constituted governmental entity established pursuant to this chapter for the sole purpose of financing public facilities.

(g) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body

has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless the public agency owns all of the land to be included within the proposed district.

(h) "Legislative body" means the city council or board of supervisors.

SEC. 2. Section 53395.8 of the Government Code is repealed.

SEC. 3. Section 53395.8 is added to the Government Code, to read:

53395.8. (a) This section applies only to the City and County of San Francisco. For the purposes of this chapter, the City and County of San Francisco is a city.

(b) In addition to the findings and declarations in Section 53395, the Legislature further finds and declares that consolidating in a single public agency the responsibility to administer waterfront lands in the City and County of San Francisco that are subject to the public trust and the ability to capture property tax increment revenues to finance needed public infrastructure improvements in those areas will further the objectives of the public trust and enjoyment of those trust lands by the people of the state.

(c) Notwithstanding subdivision (c) of Section 53395.1, for the purposes of this section,"debt" includes commercial paper and variable rate demand notes.

(d) In addition to the purposes provided in subdivision (a) of Section 53395.3, a district subject to this section may finance the environmental remediation of any real or tangible property that the district may finance pursuant to Section 53395.3. The district may also finance planning and design work that is directly related to the improvement, seismic retrofit, or environmental mediation of that property. The district may not finance routine nonstructural repair work.

(e) In addition to the public capital facilities of communitywide significance that a district may finance pursuant to subdivision (b) of Section 53395.3, a district subject to this section may finance all of the following:

(1) Seismic and life-safety improvements to existing buildings and other structures.

(2) Rehabilitation, restoration, and preservation of structures, buildings, or other facilities having special historical, architectural, or aesthetic interest or value and that are either eligible for listing on the National Register of Historic Places, both individually or because of their location within an eligible registered historic district, or are locally designated landmarks.

(3) Structural repairs and improvements to piers, seawalls, and wharves.

(4) Remediation of hazardous materials.

(5) Storm water management facilities, other utility infrastructure, or public access improvements.

(f) Notwithstanding Section 53395.4, a district subject to this section may include tidelands and submerged lands, including filled lands, subject to the public trust for commerce, navigation, and fisheries, and the applicable statutory trust grant or grants. Where a district includes tidelands and submerged lands, whether filled or unfilled, and finances facilities located on these tidelands and submerged lands, these facilities shall serve and promote uses and purposes consistent with the public trust and applicable statutory trust grants. These facilities shall be public trust assets subject to the administration and control of the legislative trust grantee of the public trust lands on which they are constructed. However, if these facilities are among the public capital facilities listed in paragraphs (1) to (4), inclusive, of subdivision (b) of Section 53395.3 or paragraph (5) of subdivision (e) of this section and are not owned by the public agency administering the public trust lands, but are owned and operated by another entity pursuant to a license from or an agreement with the public agency administering the public trust lands, then these facilities are not required to become public trust assets. The district shall maintain accounting procedures in accordance, and otherwise comply, with Section 6306 of the Public Resources Code.

(g) Notwithstanding Section 53395.5, nothing in this chapter shall prohibit the formation of a district on urban waterfront property, nor the financing of needed public infrastructure projects located on public trust lands, pursuant to this section.

(h) Notwithstanding subdivision (c) of Section 53395.14, infrastructure improvements that increase public access to, or use or enjoyment of, public trust lands pursuant to this section shall be deemed to satisfy the requirements of that subdivision.

(i) Notwithstanding Section 53395.20 or any other provision of law, if all of the land in a district subject to this section would be publicly owned, no election shall be required to form the district, and the legislative body may, by ordinance, adopt the infrastructure financing plan and create the district, upon recommendation of the public agency with jurisdiction over the land.

(j) (1) Notwithstanding any other provision of this chapter, the legislative body may amend an infrastructure financing plan subject to this section to extend the time limitations for receipt of property tax increment beyond the 30-year period from adoption of the ordinance for the district for a period not to exceed 10 years to pay bonded indebtedness, if the district does all of the following:

(A) Includes an amendment, if necessary, to increase the total number of dollars to be allocated to the district.

(B) Prepares an analysis of the projected fiscal impact on each affected taxing entity.

(C) Sets a time and date for a public hearing on the matter.

(2) The amendment to the infrastructure financing plan shall be mailed by the clerk to each affected taxing entity for its review. Each affected taxing entity shall review and consent to or disapprove the amended infrastructure financing plan within 60 days of the receipt thereof.

(k) (1) The legislative body shall hold a public hearing regarding the amendment to the infrastructure financing plan within 60 days after each affected taxing entity has approved the extension.

(2) The public hearing, and notice thereof, shall be conducted in accordance with Sections 53395.17 and 53395.18. At the conclusion of the hearing, the legislative body may adopt an ordinance adopting the infrastructure financing plan, as modified, or it may abandon the proceedings.

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 the unique circumstances of the City and County of San Francisco. The facts constituting the special circumstances are:

The Port Authority of the City and County of San Francisco administers tidelands along its waterfront where there are neither private landowners nor registered voters. The Port Authority of the City and County of San Francisco wants to establish one or more infrastructure financing districts to finance improvements to those waterfront properties. However, the current law that governs the formation of infrastructure financing districts assumes the presence of private landowners and registered voters. In order to adapt the provisions of Chapter 2.8 (commencing with Section 53395) of Part 1 of Division 2 of Title 5 of the Government Code, relating to infrastructure financing districts, to these unique circumstances, this special act is necessary.

CHAPTER 214

An act to amend Section 42885.5 of the Public Resources Code, relating to the environment.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 42885.5 of the Public Resources Code is amended to read:

42885.5. (a) The board shall adopt a five-year plan, which shall be updated every two years, to establish goals and priorities for the waste tire program and each program element.

(b) On or before July 1, 2001, and every two years thereafter, the board shall submit the adopted five-year plan to the appropriate policy and fiscal committees of the Legislature. The board shall include, in the plan, programmatic and fiscal issues including, but not limited to, the hierarchy used by the board to maximize productive uses of waste and used tires and the performance objectives and measurement criteria used by the board to evaluate the success of its waste and used tire recycling program. Additionally, the plan shall describe each program element's effectiveness, based upon performance measures developed by the board, including, but not limited to, the following:

(1) Enforcement and regulations relating to the storage of waste and used tires.

(2) Cleanup, abatement, or other remedial action related to waste tire stockpiles throughout the state.

(3) Research directed at promoting and developing alternatives to the landfill disposal of waste tires.

(4) Market development and new technology activities for used tires and waste tires.

(5) The waste and used tire hauler program and manifest system.

(6) A description of the grants, loans, contracts, and other expenditures proposed to be made by the board under the tire recycling program.

(7) Until June 30, 2006, the grant program authorized under Section 42872.5 to encourage the use of rubberized asphalt concrete technology in public works projects.

(8) Border region activities, conducted in coordination with the California Environmental Protection Agency, including, but not limited to, all of the following:

(A) Training programs to assist Mexican waste and used tire haulers to meet the requirements for hauling those tires in California.

(B) Environmental education training.

(C) Development of a waste tire abatement plan, with the appropriate government entities of California and Mexico.

(D) Tracking both the legal and illegal waste and used tire flow across the border and recommended revisions to the waste tire policies of California and Mexico.

(E) Coordination with businesses operating in the border region and with Mexico, with regard to applying the same environmental and control requirements throughout the border region.

(c) The board shall base the budget for the California Tire Recycling Act and program funding on the plan.

(d) The plan may not propose financial or other support that promotes, or provides for research for the incineration of tires.

CHAPTER 215

An act to amend Sections 4801, 5075.5, and 13823.9 of the Penal Code, to amend Section 3030 of the Family Code, and to amend Section 340.3 of the Code of Civil Procedure, relating to domestic violence.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 340.3 of the Code of Civil Procedure is amended to read:

340.3. (a) Unless a longer period is prescribed for a specific action, in any action for damages against a defendant based upon the defendant's commission of a felony offense for which the defendant has been convicted, the time for commencement of the action shall be within one year after judgment is pronounced.

(b) (1) Notwithstanding subdivision (a), an action for damages against a defendant based upon the defendant's commission of a felony offense for which the defendant has been convicted may be commenced within 10 years of the date on which the defendant is discharged from parole if the conviction was for any offense specified in paragraph (1), except voluntary manslaughter, (2), (3), (4), (5), (6), (7), (9), (16), (17), (20), (22), (25), (34), or (35) of subdivision (c) of Section 1192.7 of the Penal Code.

(2) No civil action may be commenced pursuant to paragraph (1) if any of the following applies:

(A) The defendant has received either a certificate of rehabilitation as provided in Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the Penal Code or a pardon as provided in Chapter 1 (commencing with Section 4800) or Chapter 3 (commencing with Section 4850) of Title 6 of Part 3 of the Penal Code.

(B) Following a conviction for murder or attempted murder, the defendant has been paroled based in whole or in part upon evidence presented to the Board of Prison Terms that the defendant committed the crime because he or she was the victim of intimate partner battering.

(C) The defendant was convicted of murder or attempted murder in the second degree in a trial at which substantial evidence was presented that the person committed the crime because he or she was a victim of intimate partner battering.

(c) If the sentence or judgment is stayed, the time for the commencement of the action shall be tolled until the stay is lifted. For purposes of this section, a judgment is not stayed if the judgment is appealed or the defendant is placed on probation.

(d) (1) Subdivision (b) shall apply to any action commenced before, on, or after the effective date of this section, including any action otherwise barred by a limitation of time in effect prior to the effective date of this section, thereby reviving those causes of action that had lapsed or expired under the law in effect prior to the effective date of this section.

(2) Paragraph (1) does not apply to either of the following:

(A) Any claim that has been litigated to finality on the merits in any court of competent jurisdiction prior to January 1, 2003. For purposes of this section, termination of a prior action on the basis of the statute of limitations does not constitute a claim that has been litigated to finality on the merits.

(B) Any written, compromised settlement agreement that has been entered into between a plaintiff and a defendant if the plaintiff was represented by an attorney who was admitted to practice law in this state at the time of the settlement, and the plaintiff signed the agreement.

(e) Any restitution paid by the defendant to the victim shall be credited against any judgment, award, or settlement obtained pursuant to this section. Any judgment, award, or settlement obtained pursuant to an action under this section shall be subject to the provisions of Section 13966.01 of the Government Code.

SEC. 2. Section 3030 of the Family Code is amended to read:

3030. (a) No person shall be granted physical or legal custody of, or unsupervised visitation with, a child if the person is required to be registered as a sex offender under Section 290 of the Penal Code where the victim was a minor, or if the person has been convicted under Section 273a, 273d, or 647.6 of the Penal Code, unless the court finds that there is no significant risk to the child and states its reasons in writing or on the record.

(b) No person shall be granted custody of, or visitation with, a child if the person has been convicted under Section 261 of the Penal Code and the child was conceived as a result of that violation.

(c) No person shall be granted custody of, or unsupervised visitation with, a child if the person has been convicted of murder in the first degree, as defined in Section 189 of the Penal Code, and the victim of the murder was the other parent of the child who is the subject of the order, unless the court finds that there is no risk to the child's health, safety, and welfare, and states the reasons for its finding in writing or on the record. In making its finding, the court may consider, among other things, the following:

(1) The wishes of the child, if the child is of sufficient age and capacity to reason so as to form an intelligent preference.

(2) Credible evidence that the convicted parent was a victim of abuse, as defined in Section 6203, committed by the deceased parent. That evidence may include, but is not limited to, written reports by law enforcement agencies, child protective services or other social welfare agencies, courts, medical facilities, or other public agencies or private nonprofit organizations providing services to victims of domestic abuse.

(3) Testimony of an expert witness, qualified under Section 1107 of the Evidence Code, that the convicted parent experiences intimate partner battering.

Unless and until a custody or visitation order is issued pursuant to this subdivision, no person shall permit or cause the child to visit or remain in the custody of the convicted parent without the consent of the child's custodian or legal guardian.

(d) The court may order child support that is to be paid by a person subject to subdivision (a), (b), or (c) to be paid through the local child support agency, as authorized by Section 4573 of the Family Code and Division 17 (commencing with Section 17000) of this code.

(e) The court shall not disclose, or cause to be disclosed, the custodial parent's place of residence, place of employment, or the child's school, unless the court finds that the disclosure would be in the best interest of the child.

SEC. 2.5. Section 3030 of the Family Code is amended to read:

3030. (a) (1) No person shall be granted physical or legal custody of, or unsupervised visitation with, a child if the person is required to be registered as a sex offender under Section 290 of the Penal Code where the victim was a minor, or if the person has been convicted under Section 273a, 273d, or 647.6 of the Penal Code, unless the court finds that there is no significant risk to the child and states its reasons in writing or on the record.

(2) No person shall be granted physical or legal custody of, or unsupervised visitation with, a child if anyone residing in the person's household is required, as a result of a felony conviction in which the victim was a minor, to register as a sex offender under Section 290 of the Penal Code, unless the court finds there is no significant risk to the child and states its reasons in writing or on the record.

(3) The fact that a child is permitted unsupervised contact with a person who is required, as a result of a felony conviction in which the victim was a minor, to be registered as a sex offender under Section 290 of the Penal Code, shall be prima facie evidence that the child is at significant risk. When making a determination regarding significant risk to the child, the prima facie evidence shall constitute a presumption affecting the burden of producing evidence. However, this presumption shall not apply if there are factors mitigating against its application, including whether the party seeking custody or visitation is also required, as the result of a felony conviction in which the victim was a minor, to register as a sex offender under Section 290 of the Penal Code.

(b) No person shall be granted custody of, or visitation with, a child if the person has been convicted under Section 261 of the Penal Code and the child was conceived as a result of that violation.

(c) No person shall be granted custody of, or unsupervised visitation with, a child if the person has been convicted of murder in the first degree, as defined in Section 189 of the Penal Code, and the victim of the murder was the other parent of the child who is the subject of the order, unless the court finds that there is no risk to the child's health, safety, and welfare, and states the reasons for its finding in writing or on the record. In making its finding, the court may consider, among other things, the following:

(1) The wishes of the child, if the child is of sufficient age and capacity to reason so as to form an intelligent preference.

(2) Credible evidence that the convicted parent was a victim of abuse, as defined in Section 6203, committed by the deceased parent. That evidence may include, but is not limited to, written reports by law enforcement agencies, child protective services or other social welfare agencies, courts, medical facilities, or other public agencies or private nonprofit organizations providing services to victims of domestic abuse.

(3) Testimony of an expert witness, qualified under Section 1107 of the Evidence Code, that the convicted parent experiences intimate partner battering.

Unless and until a custody or visitation order is issued pursuant to this subdivision, no person shall permit or cause the child to visit or remain in the custody of the convicted parent without the consent of the child's custodian or legal guardian.

(d) The court may order child support that is to be paid by a person subject to subdivision (a), (b), or (c) to be paid through the local child support agency, as authorized by Section 4573 of the Family Code and Division 17 (commencing with Section 17000) of this code.

(e) The court shall not disclose, or cause to be disclosed, the custodial parent's place of residence, place of employment, or the child's school, unless the court finds that the disclosure would be in the best interest of the child.

SEC. 3. Section 4801 of the Penal Code is amended to read:

4801. (a) The Board of Prison Terms may report to the Governor, from time to time, the names of any and all persons imprisoned in any state prison who, in its judgment, ought to have a commutation of sentence or be pardoned and set at liberty on account of good conduct, or unusual term of sentence, or any other cause, including evidence of intimate partner battering and its effects. For purposes of this section, "intimate partner battering and its effects" may include evidence of the nature and effects of physical, emotional, or mental abuse upon the beliefs, perceptions, or behavior of victims of domestic violence where it appears the criminal behavior was the result of that victimization.

(b) The Board of Prison Terms, in reviewing a prisoner's suitability for parole pursuant to Section 3041.5, shall consider any information or evidence that, at the time of the commission of the crime, the prisoner had experienced intimate partner battering, but was convicted of the offense prior to the enactment of Section 1107 of the Evidence Code by Chapter 812 of the Statutes of 1991. The board shall state on the record the information or evidence that it considered pursuant to this subdivision, and the reasons for the parole decision. The board shall annually report to the Legislature and the Governor on the cases the board considered pursuant to this subdivision during the previous year, including the board's decision and the findings of its investigations of these cases.

SEC. 4. Section 5075.5 of the Penal Code is amended to read:

5075.5. All commissioners and deputy commissioners who conduct hearings for the purpose of considering the parole suitability of prisoners or the setting of a parole release date for prisoners, shall receive initial training on domestic violence cases and intimate partner battering and its effects.

SEC. 5. Section 13823.93 of the Penal Code is amended to read:

13823.93. (a) For purposes of this section, the following definitions apply:

(1) "Medical personnel" includes physicians, nurse practitioners, physician assistants, nurses, and other health care providers, as appropriate.

(2) To "perform a medical evidentiary examination" means to evaluate, collect, preserve, and document evidence, interpret findings, and document examination results.

(b) To ensure the delivery of standardized curriculum, essential for consistent examination procedures throughout the state, one hospital-based training center shall be established through a competitive bidding process, to train medical personnel on how to perform medical evidentiary examinations for victims of child abuse or neglect, sexual assault, domestic violence, elder abuse, and abuse or assault perpetrated against persons with disabilities. The center also shall provide training for investigative and court personnel involved in dependency and criminal proceedings, on how to interpret the findings of medical evidentiary examinations.

The training provided by the training center shall be made available to medical personnel, law enforcement, and the courts throughout the state.

(c) The training center shall meet all of the following criteria:

(1) Recognized expertise and experience in providing medical evidentiary examinations for victims of child abuse or neglect, sexual assault, domestic violence, elder abuse, and abuse or assault perpetrated against persons with disabilities.

(2) Recognized expertise and experience implementing the protocol established pursuant to Section 13823.5.

(3) History of providing training, including, but not limited to, the clinical supervision of trainees and the evaluation of clinical competency.

(4) Recognized expertise and experience in the use of advanced medical technology and training in the evaluation of victims of child abuse or neglect, sexual assault, domestic violence, elder abuse, and abuse or assault perpetrated against persons with disabilities.

(5) Significant history in working with professionals in the field of criminalistics.

(6) Established relationships with local crime laboratories, clinical laboratories, law enforcement agencies, district attorneys' offices, child protective services, victim advocacy programs, and federal investigative agencies.

(7) The capacity for developing a telecommunication network between primary, secondary, and tertiary medical providers.

(8) History of leadership in working collaboratively with medical forensic experts, criminal justice experts, investigative social worker experts, state criminal justice, social services, health and mental health agencies, and statewide professional associations representing the various disciplines, especially those specified in paragraph (6) of subdivision (d).

(9) History of leadership in working collaboratively with state and local victim advocacy organizations, especially those addressing sexual assault and domestic violence.

(10) History and experience in the development and delivery of standardized curriculum for forensic medical experts, criminal justice professionals, and investigative social workers.

(11) History of research, particularly involving databases, in the area of child physical and sexual abuse, sexual assault, elder abuse, or domestic violence.

(d) The training center shall do all of the following:

(1) Develop and implement a standardized training program for medical personnel that has been reviewed and approved by a multidisciplinary peer review committee.

(2) Develop a telecommunication system network between the training center and other areas of the state, including rural and midsized counties. This service shall provide case consultation to medical personnel, law enforcement, and the courts and provide continuing medical education.

(3) Provide ongoing basic, advanced, and specialized training programs.

(4) Develop guidelines for the reporting and management of child physical abuse and neglect, domestic violence, and elder abuse.

(5) Develop guidelines for evaluating the results of training for the medical personnel performing examinations.

(6) Provide standardized training for law enforcement officers, district attorneys, public defenders, investigative social workers, and judges on medical evidentiary examination procedures and the interpretation of findings. This training shall be developed and implemented in collaboration with the Peace Officer Standards and Training Program, the California District Attorney's Association, the California Peace Officers Association, the California Police Chiefs Association, the California State Sheriffs Association, the California Association of Crime Laboratory Directors, the California Sexual Assault Investigators Association, the California Alliance Against Domestic Violence, the Statewide California Coalition for Battered Women, the Family Violence Prevention Fund, child victim advocacy organizations, the California Welfare Directors Association, the California Coalition Against Sexual Assault, the Department of Justice, the agency or agencies designated by the Director of Finance pursuant to Section 13820, the Child Welfare Training Program, and the University of California extension programs.

(7) Promote an interdisciplinary approach in the assessment and management of child abuse and neglect, sexual assault, elder abuse, domestic violence, and abuse or assault against persons with disabilities.

(8) Provide training in the dynamics of victimization, including, but not limited to, rape trauma syndrome, intimate partner battering and its effects, the effects of child abuse and neglect, and the various aspects of elder abuse. This training shall be provided by individuals who are recognized as experts within their respective disciplines.

(e) Nothing in this section shall be construed to change the scope of practice for any health care provider, as defined in other provisions of law.

SEC. 6. Section 2.5 of this bill incorporates amendments to Section 3030 of the Family Code proposed by both this bill and SB 594. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 3030 of the Family Code, and (3) this bill is enacted after SB 594, in which case Section 2 of this bill shall not become operative.

CHAPTER 216

An act to amend Sections 802.1, 802.5, 803, 803.5, and 803.6 of the Business and Professions Code, relating to healing arts.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 802.1 of the Business and Professions Code is amended to read:

802.1. (a) A physician and surgeon shall report any of the following to the Medical Board of California or the Osteopathic Medical Board of California in writing within 30 days:

(1) The bringing of an indictment or information charging a felony against the physician and surgeon.

(2) The conviction of the physician and surgeon, including any verdict of guilty, or plea of guilty or no contest, of any felony.

(b) Failure to make a report required by this section shall be a public offense punishable by a fine not to exceed five thousand dollars ($5,000).

SEC. 2. Section 802.5 of the Business and Professions Code is amended to read:

802.5. (a) When a coroner receives information that is based on findings that were reached by, or documented and approved by a board-certified or board-eligible pathologist indicating that a death may be the result of a physician's or podiatrist's gross negligence or

incompetence, a report shall be filed with the Medical Board of California, the Osteopathic Medical Board of California, or the California Board of Podiatric Medicine. The initial report shall include the name of the decedent, date and place of death, attending physicians or podiatrists, and all other relevant information available. The initial report shall be followed, within 90 days, by copies of the coroner's report, autopsy protocol, and all other relevant information.

(b) The report required by this section shall be confidential. No coroner, physician and surgeon, or medical examiner, nor any authorized agent, shall be liable for damages in any civil action as a result of his or her acting in compliance with this section. No board-certified or board-eligible pathologist, nor any authorized agent, shall be liable for damages in any civil action as a result of his or her providing information under subdivision (a).

SEC. 3. Section 803 of the Business and Professions Code is amended to read:

803. (a) (1) Except as provided in paragraph (2), within 10 days after a judgment by a court of this state that a person who holds a license, certificate, or other similar authority from the Board of Behavioral Science Examiners or from an agency mentioned in subdivision (a) of Section 800 (except a person licensed pursuant to Chapter 3 (commencing with Section 1200)) has committed a crime, or is liable for any death or personal injury resulting in a judgment for an amount in excess of thirty thousand dollars ($30,000) caused by his or her negligence, error or omission in practice, or his or her rendering unauthorized professional services, the clerk of the court that rendered the judgment shall report that fact to the agency that issued the license, certificate, or other similar authority.

(2) For purposes of a physician and surgeon who has committed a crime, or is liable for any death or personal injury resulting in a judgment of any amount caused by his or her negligence, error or omission in practice, or his or her rendering unauthorized professional services, the clerk of the court that rendered the judgment shall report that fact to the agency that issued the license.

(b) Every insurer providing professional liability insurance to a physician and surgeon licensed pursuant to Chapter 5 (commencing with Section 2000) shall send a complete report including the name and license number of the physician and surgeon to the Medical Board of California or the Osteopathic Medical Board of California as to any judgment of a claim for damages for death or personal injury caused by that licensee's negligence, error, or omission in practice, or rendering of unauthorized professional services. The report shall be sent within 30 calendar days after entry of judgment.

(c) Notwithstanding any other provision of law, the Medical Board of California, the Osteopathic Medical Board of California, and the California Board of Podiatric Medicine shall disclose to an inquiring member of the public information received pursuant to subdivision (a) regarding felony convictions of, and judgments against, a physician and surgeon or doctor of podiatric medicine. The Division of Medical Quality, the Osteopathic Medical Board of California, and the California Board of Podiatric Medicine may formulate appropriate disclaimers or explanatory statements to be included with any information released, and may, by regulation, establish categories of information that need not be disclosed to the public because that information is unreliable or not sufficiently related to the licensee's professional practice.

SEC. 4. Section 803.5 of the Business and Professions Code is amended to read:

803.5. (a) The district attorney, city attorney, or other prosecuting agency shall notify the Medical Board of California, the Osteopathic Medical Board of California, the California Board of Podiatric Medicine, the State Board of Chiropractic Examiners, or other appropriate allied health board, and the clerk of the court in which the charges have been filed, of any filings against a licensee of that board charging a felony immediately upon obtaining information that the defendant is a licensee of the board. The notice shall identify the licensee and describe the crimes charged and the facts alleged. The prosecuting agency shall also notify the clerk of the court in which the action is pending that the defendant is a licensee, and the clerk shall record prominently in the file that the defendant holds a license from one of the boards described above.

(b) The clerk of the court in which a licensee of one of the boards is convicted of a crime shall, within 48 hours after the conviction, transmit a certified copy of the record of conviction to the applicable board. Where the licensee is regulated by an allied health board, the record of conviction shall be transmitted to that allied health board and the Medical Board of California.

SEC. 5. Section 803.6 of the Business and Professions Code is amended to read:

803.6. (a) The clerk of the court shall transmit any felony preliminary hearing transcript concerning a defendant licensee to the Medical Board of California, the Osteopathic Medical Board of California, the California Board of Podiatric Medicine, or other appropriate allied health board, as applicable, where the total length of the transcript is under 800 pages and shall notify the appropriate board of any proceeding where the transcript exceeds that length.

(b) In any case where a probation report on a licensee is prepared for a court pursuant to Section 1203 of the Penal Code, a copy of that report shall be transmitted by the probation officer to the board.

CHAPTER 217

An act to amend Sections 19583.5 and 19583.51 of the Government Code, relating to state employees.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 19583.5 of the Government Code is amended to read:

19583.5. (a) Any person, except for a current ward of the California Youth Authority, a current inmate of the Department of Corrections, or a current patient of a facility operated by the State Department of Mental Health, with the consent of the board or the appointing power may file charges against an employee requesting that adverse action be taken for one or more causes for discipline specified in this article. Charges filed by a person who is a state employee shall not include issues covered by the state's employee grievance or other merit appeals processes. Any request of the board to file charges pursuant to this section shall be filed within one year of the event or events that led to the filing. The employee against whom the charges are filed shall have a right to answer as provided in this article. In all of these cases, a hearing shall be conducted in accord with this article and if the board finds that the charges are true it shall have the power to take any adverse action as in its judgment is just and proper. An employee who has sought to bring a charge or an adverse action against another employee using the grievance process, shall first exhaust that administrative process prior to bringing the case to the board.

(b) This section shall not be construed to supersede Section 19682.

SEC. 2. Section 19583.51 of the Government Code is amended to read:

19583.51. (a) Effective January 1, 1996, notwithstanding Section 19583.5, this section shall only apply to state employees in State Bargaining Unit 5. Any person, except for a current ward of the California Youth Authority, a current inmate of the Department of Corrections, or a current patient of a facility operated by the State Department of Mental

Health, with the consent of the board or the appointing power may file charges against an employee requesting that adverse action be taken for one or more causes for discipline specified in this article. Any request of the board to file charges pursuant to this section shall be filed within one year of the event or events that led to the filing. The employee against whom the charges are filed shall have a right to answer as provided in this article. In all of these cases, a hearing shall be conducted in accordance with this article and if the board finds that the charges are true it shall have the power to take any adverse action as in its judgment is just and proper.

(b) This section shall not be construed to supersede Section 19682.

(c) Any adverse action, as defined by Section 19576.1, that results from a request to file charges pursuant to this section, is subject to the appeal procedures in Section 19576.1.

CHAPTER 218

An act to amend Section 742.24 of, and to add Section 742.245 to, the Insurance Code, relating to insurance.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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 that 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 Section 724.245.

SEC. 2. Section 742.245 is added to the Insurance Code, to read:

742.245. (a) A self-funded or partially self-funded multiple employer welfare arrangement shall maintain at least 25 percent of the surplus required by subdivision (n) of Section 742.24 in investments specified in Article 3 (commencing with Section 1170) of Chapter 2 of Part 2 of Division 1 and in Section 1192.5.

(b) The balance of the assets of a self-funded or partially self-funded multiple employer welfare arrangement may be invested in the following:

(1) An open-ended diversified management company, as defined in the federal Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), that meets all of the following requirements:

(A) It is registered with, and reports to, the Securities and Exchange Commission.

(B) It is domiciled in the United States.

(C) Substantially all of its investments consist of investment grade debt instruments and cash.

(D) All of its assets are held in the United States by a bank, trust company, or other custodian chartered by the United States, its states, or territories.

(2) An amount not to exceed 75 percent of any excess of invested assets over the sum of the reserves and related actuarial items held in support of policies and contracts, plus the surplus required by subdivision (n) of Section 742.24, may be invested in the following:

(A) An open-ended diversified management company, as defined in the federal Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), that meets all of the following requirements:

(i) It is registered with, and reports to, the Securities and Exchange Commission.

(ii) It is domiciled in the United States.

(iii) Its investments consist of common and preferred stocks and cash.

(iv) All of its assets are held in the United States by a bank, trust company, or other custodian chartered by the United States, its states, or territories.

(B) Corporate notes, bonds, and preferred stocks that meet all of the following requirements:

(i) The issuer is domiciled in the United States or Canada.

(ii) The investments are rated investment grade or better by at least two of the following rating agencies, or their successors:

(I) Standard & Poor's.

(II) Moody's.

(III) Fitch.

(iii) The investments are exchange-traded. "Exchange-traded" as used in this clause means listed and traded on the National Market System of the NASDAQ Stock Market or on a securities exchange subject to regulation, supervision, or control under a statute of the United States and acceptable to the commissioner.

(C) An investment in a single issuer made pursuant to subparagraph (B) shall not exceed in the aggregate 10 percent of the multiple employer welfare arrangement's funds described in this paragraph.

(3) An investment made pursuant to paragraph (1) or subparagraph (A) of paragraph (2) shall be made in, at minimum, three of the companies described in those provisions.

(c) The commissioner may, in his or her discretion and after a hearing, require by written order disposal of an investment made either in violation of, or no longer in compliance with, this section. The commissioner may also, after a hearing, require the disposal of any investment made pursuant to paragraph (2) of subdivision (b) if the multiple employer welfare arrangement has failed to maintain cash or liquid assets sufficient to meet its claims and any other contractual obligations. The commissioner may also for good cause and after a hearing, by written order require the disposal of an investment described in subdivision (b).

CHAPTER 219

An act to amend Sections 1310 and 1320 of the Business and Professions Code, relating to clinical laboratories.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 1310 of the Business and Professions Code is amended to read:

1310. If the department determines that a laboratory that has been issued a license or registration under this chapter, except for a laboratory only performing tests or examinations classified as waived under CLIA, no longer substantially meets the requirements of this chapter or the regulations adopted thereunder, the department, in lieu of, or in addition to, revocation or suspension of the license or registration under Section 1320 or 1323, may impose any of the following:

(a) Directed plans of correction, as defined under CLIA.

(b) Civil money penalties in an amount ranging from fifty dollars ($50) to three thousand dollars ($3,000) per day of noncompliance, or per violation, for a condition-level deficiency that does not pose immediate jeopardy, to an amount ranging from three thousand fifty dollars ($3,050) to ten thousand dollars ($10,000) per day of noncompliance, or per violation, for a condition-level deficiency that poses immediate jeopardy, but only after notice and an opportunity to respond in accordance with Section 100171 of the Health and Safety

Code, and consideration of facts enumerated in CLIA in Section 493.1834 of Title 42 of the Code of Federal Regulations.

(c) Civil money penalties in an amount ranging from fifty dollars ($50) to three thousand dollars ($3,000) per day of noncompliance, or per violation, for a violation of subdivision (t) of Section 1320, for failure to comply with disease reporting requirements, but only after notice and an opportunity to respond in accordance with Section 100171 of the Health and Safety Code.

(d) Onsite monitoring, as defined under CLIA, and payment for the costs of onsite monitoring.

(e) Any combination of the actions described in subdivisions (a), (b), (c), and (d).

SEC. 2. Section 1320 of the Business and Professions Code is amended to read:

1320. The department may deny, suspend, or revoke any license or registration issued under this chapter for any of the following reasons:

(a) Conduct involving moral turpitude or dishonest reporting of tests.

(b) Violation by the applicant, licensee, or registrant of this chapter or any rule or regulation adopted pursuant thereto.

(c) Aiding, abetting, or permitting the violation of this chapter, the rules or regulations adopted under this chapter or the Medical Practice Act, Chapter 5 (commencing with Section 2000) of Division 2.

(d) Permitting a licensed trainee to perform tests or procure specimens unless under the direct and responsible supervision of a person duly licensed under this chapter or physician and surgeon other than another licensed trainee.

(e) Violation of any provision of this code governing the practice of medicine and surgery.

(f) Proof that an applicant, licensee, or registrant has made false statements in any material regard on the application for a license, registration, or renewal issued under this chapter.

(g) Conduct inimical to the public health, morals, welfare, or safety of the people of the State of California in the maintenance or operation of the premises or services for which a license or registration is issued under this chapter.

(h) Proof that the applicant or licensee has used any degree, or certificate, as a means of qualifying for licensure that has been purchased or procured by barter or by any unlawful means or obtained from any institution that at the time the degree, certificate, or title was obtained was not recognized or accredited by the department of education of the state where the institution is or was located to give training in the field of study in which the degree, certificate, or title is claimed.

(i) Violation of any of the prenatal laws or regulations pertaining thereto in Chapter 2 (commencing with Section 120675) of Part 3 of Division 105 of the Health and Safety Code and Article 1 (commencing with Section 1125) of Group 4 of Subchapter 1 of Chapter 2 of Part 1 of Title 17 of the California Code of Regulations.

(j) Knowingly accepting an assignment for clinical laboratory tests or specimens from and the rendering of a report thereon to persons not authorized by law to submit those specimens or assignments.

(k) Rendering a report on clinical laboratory work actually performed in another clinical laboratory without designating clearly the name and address of the laboratory in which the test was performed.

(*l*) Conviction of a felony or of any misdemeanor involving moral turpitude under the laws of any state or of the United States arising out of or in connection with the practice of clinical laboratory technology. The record of conviction or a certified copy thereof shall be conclusive evidence of that conviction.

(m) Unprofessional conduct.

(n) The use of drugs or alcoholic beverages to the extent or in a manner as to be dangerous to a person licensed under this chapter, or any other person to the extent that that use impairs the ability of the licensee to conduct with safety to the public the practice of clinical laboratory technology.

(o) Misrepresentation in obtaining a license or registration.

(p) Performance of, or representation of the laboratory as entitled to perform, a clinical laboratory test or examination or other procedure that is not within the specialties or subspecialties, or category of laboratory procedures authorized by the license or registration.

(q) Refusal of a reasonable request of HCFA, a HCFA agent, the department, or any employee, agent, or contractor of the department, for permission to inspect, pursuant to this chapter, the laboratory and its operations and pertinent records during the hours the laboratory is in operation.

(r) Failure to comply with reasonable requests of the department for any information, work, or materials that the department concludes is necessary to determine the laboratory's continued eligibility for its license or registration, or its continued compliance with this chapter or the regulations adopted under this chapter.

(s) Failure to comply with a sanction imposed under Section 1310.

(t) Failure to comply with the disease reporting requirements adopted pursuant to Section 120130 of the Health and Safety Code. However, when a laboratory is not able to obtain complete information for a patient within the reporting timeframes, it shall document that it made a good faith effort to do so and it shall submit the report with the available

information within the required reporting timeframes and, in that case, the laboratory shall not be subject to sanctions for failure to submit complete patient information.

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

CHAPTER 220

An act to amend Section 43003 of, and to add Section 885 to, the Food and Agricultural Code, relating to civil administrative penalties.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 885 is added to the Food and Agricultural Code, to read:

885. In lieu of civil prosecution, the secretary or the commissioner may levy a civil penalty against any person violating the provisions of this chapter or any regulation adopted pursuant to its provisions. The civil penalty for each violation shall be, for a first violation, a fine of not more than five hundred dollars ($500). For a second or subsequent violation, the fine shall be not less than one hundred dollars ($100), nor more than one thousand dollars ($1,000). 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. This shall include the right to review the evidence and a right to present evidence on his or her own behalf. Subdivision (e) of Section 43003 shall apply to any fine levied pursuant to this section.

SEC. 2. Section 43003 of the Food and Agricultural Code is amended to read:

43003. (a) In lieu of civil prosecution, the secretary or the commissioner may levy a civil penalty against any person violating this division or any regulation adopted pursuant to its provisions. Except as provided in subdivisions (b) and (c), the civil penalty for each violation

shall be, for a first violation, a fine of not more than five hundred dollars ($500). For a second or subsequent violation, the fine shall be not less than one hundred dollars ($100), nor more than one thousand dollars ($1,000).

(b) The secretary or the commissioner may, for a first violation, levy a civil penalty not to exceed three thousand dollars ($3,000) for each violation of Section 42945, 42948, 42949, 42951, subdivision (b) of Section 44971, Section 44972, subdivision (c) of Section 44974, or Section 44986.

(c) The secretary or the commissioner may, for a first violation, levy a civil penalty not to exceed five hundred dollars ($500) for each violation of Section 44973, 44982, 44983, 44984, 45031, 45034, or 45035. For a second or subsequent violation, or for a violation involving avocados worth five hundred dollars ($500) or more, the fine shall be not less than two hundred fifty dollars ($250) nor more than five thousand dollars ($5,000).

(d) 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. This shall include the right to review the evidence and a right to present evidence on his or her own behalf.

(e) The person fined may appeal to the secretary within 10 days of the date of receiving notification of the fine. The following procedures apply to the appeal:

(1) The appeal need not be formal, but it shall be in writing and signed by the appellant or his or her authorized agent, and shall state the grounds for the appeal.

(2) Any party may, at the time of filing the appeal or within 10 days thereafter, present written evidence and a written argument to the secretary.

(3) The secretary 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.

(5) The secretary shall decide the appeal on any oral or written argument, briefs, and evidence that he or she has received.

(6) The secretary shall render a written decision within 45 days of the date of appeal or within 15 days of the date of oral arguments.

(7) On an appeal pursuant to this section, the secretary may sustain, modify by reducing the amount of the fine, or reverse the decision of the commissioner. A copy of the secretary's decision shall be delivered or mailed to the appellant and the commissioner.

(8) Review of the decision of the secretary may be sought by the appellant pursuant to Section 1094.5 of the Code of Civil Procedure.

CHAPTER 221

An act to amend Section 5600.3 of the Welfare and Institutions Code, relating to mental health.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 5600.3 of the Welfare and Institutions Code is amended to read:

5600.3. To the extent resources are available, the primary goal of use of funds deposited in the mental health account of the local health and welfare trust fund should be to serve the target populations identified in the following categories, which shall not be construed as establishing an order of priority:

(a) (1) Seriously emotionally disturbed children or adolescents.

(2) For the purposes of this part, "seriously emotionally disturbed children or adolescents" means minors under the age of 18 years who have a mental disorder as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than a primary substance use disorder or developmental disorder, which results in behavior inappropriate to the child's age according to expected developmental norms. Members of this target population shall meet one or more of the following criteria:

(A) As a result of the mental disorder the child has substantial impairment in at least two of the following areas: self-care, school functioning, family relationships, or ability to function in the community; and either of the following occur:

(i) The child is at risk of removal from home or has already been removed from the home.

(ii) The mental disorder and impairments have been present for more than six months or are likely to continue for more than one year without treatment.

(B) The child displays one of the following: psychotic features, risk of suicide or risk of violence due to a mental disorder.

(C) The child meets special education eligibility requirements under Chapter 26.5 (commencing with Section 7570) of Division 7 of Title 1 of the Government Code.

(b) (1) Adults and older adults who have a serious mental disorder.

(2) For the purposes of this part "serious mental disorder" means a mental disorder which is severe in degree and persistent in duration, which may cause behavioral functioning which interferes substantially with the primary activities of daily living, and which may result in an inability to maintain stable adjustment and independent functioning without treatment, support, and rehabilitation for a long or indefinite period of time. Serious mental disorders include, but are not limited to, schizophrenia, as well as major affective disorders or other severely disabling mental disorders. This section shall not be construed to exclude persons with a serious mental disorder and a diagnosis of substance abuse, developmental disability, or other physical or mental disorder.

(3) Members of this target population shall meet all of the following criteria:

(A) The person has a mental disorder as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than a substance use disorder or developmental disorder or acquired traumatic brain injury pursuant to subdivision (a) of Section 4354 unless that person also has a serious mental disorder as defined in paragraph (2).

(B) (i) As a result of the mental disorder the person has substantial functional impairments or symptoms, or a psychiatric history demonstrating that without treatment there is an imminent risk of decompensation to having substantial impairments or symptoms.

(ii) For the purposes of this part, "functional impairment" means being substantially impaired as the result of a mental disorder in independent living, social relationships, vocational skills, or physical condition.

(C) As a result of a mental functional impairment and circumstances the person is likely to become so disabled as to require public assistance, services, or entitlements.

(4) For the purpose of organizing outreach and treatment options, to the extent resources are available, this target population includes, but is not limited to, persons who are any of the following:

(A) Homeless persons who are mentally ill.

(B) Persons evaluated by appropriately licensed persons as requiring care in acute treatment facilities including state hospitals, acute inpatient facilities, institutes for mental disease, and crisis residential programs.

(C) Persons arrested or convicted of crimes.

(D) Persons who require acute treatment as a result of a first episode of mental illness with psychotic features.

(5) California veterans in need of mental health services who are not eligible for care by the United States Department of Veterans Affairs or other federal health care provider and who meet the existing eligibility requirements of this section, shall be provided services to the extent resources are available. Counties shall refer a veteran to the county veterans service officer, if any, to determine the veteran's eligibility for, and the availability of, mental health services provided by the United States Department of Veterans Affairs or other federal health care provider.

(c) Adults or older adults who require or are at risk of requiring acute psychiatric inpatient care, residential treatment, or outpatient crisis intervention because of a mental disorder with symptoms of psychosis, suicidality, or violence.

(d) Persons who need brief treatment as a result of a natural disaster or severe local emergency.

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

CHAPTER 222

An act to amend Sections 32734 and 33452 of the Food and Agricultural Code, relating to milk.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 32734 of the Food and Agricultural Code is amended to read:

32734. (a) In addition to any other provision of law, the secretary shall require inspections at least quarterly of all milk products plants that pasteurize milk or milk products, manufacture cheese, or manufacture raw milk cheese. The inspection procedures shall include sanitation inspections and pasteurization equipment controls and tests, where applicable. The procedure shall include, but is not limited to, all of the following:

(1) Review of all pasteurization records required pursuant to Sections 34007, 34064, and 34065.

(2) Inspection and testing of all pasteurization equipment to ensure its cleanliness and proper operating condition.

(3) Inspection of all equipment, facilities, raw milk and milk products handling practices, and surroundings to ensure adequate sanitation.

(4) Sampling and testing of raw products and processed milk products.

(b) The findings of all inspections, sample results, controls, and tests shall be prepared in writing by the inspector and submitted to the secretary.

(c) Milk products plants that have been approved to use Hazard Analysis Critical Control Points (HACCP) procedures under the auspices of the National Conference of Interstate Milk Shipments, or a state or federal regulatory agency, may adhere to the inspection protocol of the HACCP regulatory enforcement procedures.

SEC. 2. Section 33452 of the Food and Agricultural Code is amended to read:

33452. (a) A dairy cow farm that was marketing market milk, including milk that meets the definition of restricted use market milk, on August 1, 2005, shall not market manufacturing milk. However, annually on January 1 such a dairy may elect to market manufacturing milk for a 12-month period. This provision applies to a dairy cow farm that was marketing manufacturing milk on August 1, 2005, that subsequently obtains a market milk grade A permit, but does not apply if the facility is sold or leased to a new operator. A dairy cow farm that begins operation on or after January 1, 2006, shall not market manufacturing milk except as provided in this section.

(b) This section does not apply to dairy goat farms.

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

CHAPTER 223

An act to amend Sections 32556, 32557, and 32560 of, and to repeal Section 32562 of, the Public Resources Code, relating to land conservation.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

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

SECTION 1. Section 32556 of the Public Resources Code is amended to read:

32556. (a) The board shall consist of 13 voting members and seven nonvoting members.

(b) The 13 voting members of the board shall consist of the following:

(1) The Secretary of the Resources Agency, or his or her designee.

(2) The Director of Parks and Recreation, or his or her designee.

(3) The Director of Finance, or his or her designee.

(4) The Director of the Los Angeles County Department of Parks, or his or her designee.

(5) The member of the Los Angeles County Board of Supervisors within whose district the majority of the Baldwin Hills area is located.

(6) Six members of the public appointed by the Governor who are residents of Los Angeles County and who represent the diversity of the community surrounding the Baldwin Hills area. Of those six members, four members shall be selected as follows:

(A) One member shall be a resident of Culver City selected from a list of three persons nominated by the city council.

(B) Three members shall be residents of the adjacent communities of Blair Hills, Ladera Heights, Baldwin Hills, Windsor Hills, Inglewood, View Park, or Baldwin Vista.

(7) A resident of Los Angeles County appointed by the Speaker of the Assembly, and a resident of Los Angeles County appointed by the Senate Committee on Rules.

(c) The seven nonvoting members shall consist of the following:

(1) The Secretary of the California Environmental Protection Agency, or his or her designee.

(2) The Executive Officer of the State Coastal Conservancy, or his or her designee.

(3) The Executive Officer of the State Lands Commission, or his or her designee.

(4) An appointee of the Governor with experience in developing contaminated sites, commonly referred to as "brownfields."

(5) The Executive Director of the Santa Monica Mountains Conservancy, or his or her designee.

(6) The Director of the Culver City Human Services Department, or his or her designee.

(7) The Director of the Department of Conservation, or his or her designee.

(d) A quorum shall consist of seven voting members of the board, and any action of the board affecting any matter before the board shall be decided by a majority vote of the voting members present, a quorum being present. However, the affirmative vote of at least four of the voting members of the board shall be required for the transaction of any business of the board.

(e) The board shall do all of the following:

(1) Study the potential environmental and recreational uses of Ballona Creek and the adjacent property described in subdivision (a) of Section 32553.

(2) Develop a proposed map for that area.

(3) Provide a report to the Legislature, on or before January 1, 2003, on the results of paragraphs (1) and (2).

SEC. 2. Section 32557 of the Public Resources Code is amended to read:

32557. (a) The voting members of the board shall serve for two-year terms. Any vacancy on the board shall be filled within 60 days from its occurrence by the appointing authority.

(b) A person shall not continue as a member of the board if that person ceases to hold the office that qualifies that person for board membership. Upon the occurrence of that event, that person's membership on the board shall automatically terminate.

SEC. 3. Section 32560 of the Public Resources Code is amended to read:

32560. All meetings of the board shall be subject to the requirements of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 4. Section 32562 of the Public Resources Code is repealed.

CHAPTER 224

An act to amend Sections 2924b and 2924g of the Civil Code, relating to real property.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 2924b of the Civil Code is amended to read:

2924b. (a) Any person desiring a copy of any notice of default and of any notice of sale under any deed of trust or mortgage with power of sale upon real property or an estate for years therein, as to which deed of trust or mortgage the power of sale cannot be exercised until these notices are given for the time and in the manner provided in Section 2924 may, at any time subsequent to recordation of the deed of trust or mortgage and prior to recordation of notice of default thereunder, cause to be filed for record in the office of the recorder of any county in which any part or parcel of the real property is situated, a duly acknowledged request for a copy of the notice of default and of sale. This request shall be signed and acknowledged by the person making the request, specifying the name and address of the person to whom the notice is to be mailed, shall identify the deed of trust or mortgage by stating the names of the parties thereto, the date of recordation thereof, and the book and page where the deed of trust or mortgage is recorded or the recorder's number, and shall be in substantially the following form:

"In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any notice of default and a copy of any notice of sale under the deed of trust (or mortgage) recorded _____, ____, in Book_____ page ____ records of ____ County, (or filed for record with recorder's serial number ____, _____ County) California, executed by ____ as trustor (or mortgagor) in which _____ is named as beneficiary (or mortgagee) and _____ as trustee be mailed to _____ at _____.
Name Address

NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.

Signature _____"

Upon the filing for record of the request, the recorder shall index in the general index of grantors the names of the trustors (or mortgagor) recited therein and the names of persons requesting copies.

(b) The mortgagee, trustee, or other person authorized to record the notice of default or the notice of sale shall do each of the following:

(1) Within 10 business days following recordation of the notice of default, deposit or cause to be deposited in the United States mail an envelope, sent by registered or certified mail with postage prepaid, containing a copy of the notice with the recording date shown thereon,

addressed to each person whose name and address are set forth in a duly recorded request therefor, directed to the address designated in the request and to each trustor or mortgagor at his or her last known address if different than the address specified in the deed of trust or mortgage with power of sale.

(2) At least 20 days before the date of sale, deposit or cause to be deposited in the United States mail an envelope, sent by registered or certified mail with postage prepaid, containing a copy of the notice of the time and place of sale, addressed to each person whose name and address are set forth in a duly recorded request therefor, directed to the address designated in the request and to each trustor or mortgagor at his or her last known address if different than the address specified in the deed of trust or mortgage with power of sale.

(3) As used in paragraphs (1) and (2), the "last known address" of each trustor or mortgagor means the last business or residence physical address actually known by the mortgagee, beneficiary, trustee, or other person authorized to record the notice of default. For the purposes of this subdivision, an address is "actually known" if it is contained in the original deed of trust or mortgage, or in any subsequent written notification of a change of physical address from the trustor or mortgagor pursuant to the deed of trust or mortgage. For the purposes of this subdivision, "physical address" does not include an e-mail or any form of electronic address for a trustor or mortgagor. The beneficiary shall inform the trustee of the trustor's last address actually known by the beneficiary. However, the trustee shall incur no liability for failing to send any notice to the last address unless the trustee has actual knowledge of it.

(4) A "person authorized to record the notice of default or the notice of sale" shall include an agent for the mortgagee or beneficiary, an agent of the named trustee, any person designated in an executed substitution of trustee, or an agent of that substituted trustee.

(c) The mortgagee, trustee, or other person authorized to record the notice of default or the notice of sale shall do the following:

(1) Within one month following recordation of the notice of default, deposit or cause to be deposited in the United States mail an envelope, sent by registered or certified mail with postage prepaid, containing a copy of the notice with the recording date shown thereon, addressed to each person set forth in paragraph (2), provided that the estate or interest of any person entitled to receive notice under this subdivision is acquired by an instrument sufficient to impart constructive notice of the estate or interest in the land or portion thereof which is subject to the deed of trust or mortgage being foreclosed, and provided the instrument is recorded in the office of the county recorder so as to impart that constructive

notice prior to the recording date of the notice of default and provided the instrument as so recorded sets forth a mailing address which the county recorder shall use, as instructed within the instrument, for the return of the instrument after recording, and which address shall be the address used for the purposes of mailing notices herein.

(2) The persons to whom notice shall be mailed under this subdivision are:

(A) The successor in interest, as of the recording date of the notice of default, of the estate or interest or any portion thereof of the trustor or mortgagor of the deed of trust or mortgage being foreclosed.

(B) The beneficiary or mortgagee of any deed of trust or mortgage recorded subsequent to the deed of trust or mortgage being foreclosed, or recorded prior to or concurrently with the deed of trust or mortgage being foreclosed but subject to a recorded agreement or a recorded statement of subordination to the deed of trust or mortgage being foreclosed.

(C) The assignee of any interest of the beneficiary or mortgagee described in subparagraph (B), as of the recording date of the notice of default.

(D) The vendee of any contract of sale, or the lessee of any lease, of the estate or interest being foreclosed which is recorded subsequent to the deed of trust or mortgage being foreclosed, or recorded prior to or concurrently with the deed of trust or mortgage being foreclosed but subject to a recorded agreement or statement of subordination to the deed of trust or mortgage being foreclosed.

(E) The successor in interest to the vendee or lessee described in subparagraph (D), as of the recording date of the notice of default.

(F) The office of the Controller, Sacramento, California, where, as of the recording date of the notice of default, a "Notice of Lien for Postponed Property Taxes" has been recorded against the real property to which the notice of default applies.

(3) At least 20 days before the date of sale, deposit or cause to be deposited in the United States mail an envelope, sent by registered or certified mail with postage prepaid, containing a copy of the notice of the time and place of sale addressed to each person to whom a copy of the notice of default is to be mailed as provided in paragraphs (1) and (2), and addressed to the office of any state taxing agency, Sacramento, California, which has recorded, subsequent to the deed of trust or mortgage being foreclosed, a notice of tax lien prior to the recording date of the notice of default against the real property to which the notice of default applies.

(4) Provide a copy of the notice of sale to the Internal Revenue Service, in accordance with Section 7425 of the Internal Revenue Code

and any applicable federal regulation, if a "Notice of Federal Tax Lien under Internal Revenue Laws" has been recorded, subsequent to the deed of trust or mortgage being foreclosed, against the real property to which the notice of sale applies. The failure to provide the Internal Revenue Service with a copy of the notice of sale pursuant to this paragraph shall be sufficient cause to rescind the trustee's sale and invalidate the trustee's deed, at the option of either the successful bidder at the trustee's sale or the trustee, and in either case with the consent of the beneficiary. Any option to rescind the trustee's sale pursuant to this paragraph shall be exercised prior to any transfer of the property by the successful bidder to a bona fide purchaser for value. A recision of the trustee's sale pursuant to this paragraph may be recorded in a notice of recision pursuant to Section 1058.5.

(5) The mailing of notices in the manner set forth in paragraph (1) shall not impose upon any licensed attorney, agent, or employee of any person entitled to receive notices as herein set forth any duty to communicate the notice to the entitled person from the fact that the mailing address used by the county recorder is the address of the attorney, agent, or employee.

(d) Any deed of trust or mortgage with power of sale hereafter executed upon real property or an estate for years therein may contain a request that a copy of any notice of default and a copy of any notice of sale thereunder shall be mailed to any person or party thereto at the address of the person given therein, and a copy of any notice of default and of any notice of sale shall be mailed to each of these at the same time and in the same manner required as though a separate request therefor had been filed by each of these persons as herein authorized. If any deed of trust or mortgage with power of sale executed after September 19, 1939, except a deed of trust or mortgage of any of the classes excepted from the provisions of Section 2924, does not contain a mailing address of the trustor or mortgagor therein named, and if no request for special notice by the trustor or mortgagor in substantially the form set forth in this section has subsequently been recorded, a copy of the notice of default shall be published once a week for at least four weeks in a newspaper of general circulation in the county in which the property is situated, the publication to commence within 10 business days after the filing of the notice of default. In lieu of publication, a copy of the notice of default may be delivered personally to the trustor or mortgagor within the 10 business days or at any time before publication is completed, or by posting the notice of default in a conspicuous place on the property and mailing the notice to the last known address of the trustor or mortgagor.

(e) Any person required to mail a copy of a notice of default or notice of sale to each trustor or mortgagor pursuant to subdivision (b) or (c) by registered or certified mail shall simultaneously cause to be deposited in the United States mail, with postage prepaid and mailed by first-class mail, an envelope containing an additional copy of the required notice addressed to each trustor or mortgagor at the same address to which the notice is sent by registered or certified mail pursuant to subdivision (b) or (c). The person shall execute and retain an affidavit identifying the notice mailed, showing the name and residence or business address of that person, that he or she is over the age of 18 years, the date of deposit in the mail, the name and address of the trustor or mortgagor to whom sent, and that the envelope was sealed and deposited in the mail with postage fully prepaid. In the absence of fraud, the affidavit required by this subdivision shall establish a conclusive presumption of mailing.

(f) No request for a copy of any notice filed for record pursuant to this section, no statement or allegation in the request, and no record thereof shall affect the title to real property or be deemed notice to any person that any person requesting copies of notice has or claims any right, title, or interest in, or lien or charge upon the property described in the deed of trust or mortgage referred to therein.

(g) "Business day," as used in this section, has the meaning specified in Section 9.

SEC. 2. Section 2924g of the Civil Code is amended to read:

2924g. (a) All sales of property under the power of sale contained in any deed of trust or mortgage shall be held in the county where the property or some part thereof is situated, and shall be made at auction, to the highest bidder, between the hours of 9 a.m. and 5 p.m. on any business day, Monday through Friday.

The sale shall commence at the time and location specified in the notice of sale. Any postponement shall be announced at the time and location specified in the notice of sale for commencement of the sale or pursuant to paragraph (1) of subdivision (c).

If the sale of more than one parcel of real property has been scheduled for the same time and location by the same trustee, (1) any postponement of any of the sales shall be announced at the time published in the notice of sale, (2) the first sale shall commence at the time published in the notice of sale or immediately after the announcement of any postponement, and (3) each subsequent sale shall take place as soon as possible after the preceding sale has been completed.

(b) When the property consists of several known lots or parcels, they shall be sold separately unless the deed of trust or mortgage provides otherwise. When a portion of the property is claimed by a third person, who requires it to be sold separately, the portion subject to the claim

may be thus sold. The trustor, if present at the sale, may also, unless the deed of trust or mortgage otherwise provides, direct the order in which property shall be sold, when the property consists of several known lots or parcels which may be sold to advantage separately, and the trustee shall follow that direction. After sufficient property has been sold to satisfy the indebtedness, no more can be sold.

If the property under power of sale is in two or more counties, the public auction sale of all of the property under the power of sale may take place in any one of the counties where the property or a portion thereof is located.

(c) (1) There may be a postponement or postponements of the sale proceedings, including a postponement upon instruction by the beneficiary to the trustee that the sale proceedings be postponed, at any time prior to the completion of the sale for any period of time not to exceed a total of 365 days from the date set forth in the notice of sale. The trustee shall postpone the sale in accordance with any of the following:

(A) Upon the order of any court of competent jurisdiction.

(B) If stayed by operation of law.

(C) By mutual agreement, whether oral or in writing, of any trustor and any beneficiary or any mortgagor and any mortgagee.

(D) At the discretion of the trustee.

(2) In the event that the sale proceedings are postponed for a period or periods totaling more than 365 days, the scheduling of any further sale proceedings shall be preceded by giving a new notice of sale in the manner prescribed in Section 2924f. New fees incurred for the new notice of sale shall not exceed the amounts specified in Sections 2924c and 2924d, and shall not exceed reasonable costs that are necessary to comply with this paragraph.

(d) The notice of each postponement and the reason therefor shall be given by public declaration by the trustee at the time and place last appointed for sale. A public declaration of postponement shall also set forth the new date, time, and place of sale and the place of sale shall be the same place as originally fixed by the trustee for the sale. No other notice of postponement need be given. However, the sale shall be conducted no sooner than on the seventh day after the earlier of (1) dismissal of the action or (2) expiration or termination of the injunction, restraining order, or stay that required postponement of the sale, whether by entry of an order by a court of competent jurisdiction, operation of law, or otherwise, unless the injunction, restraining order, or subsequent order expressly directs the conduct of the sale within that seven-day period. For purposes of this subdivision, the seven-day period shall not include the day on which the action is dismissed, or the day on which

the injunction, restraining order, or stay expires or is terminated. If the sale had been scheduled to occur, but this subdivision precludes its conduct during that seven-day period, a new notice of postponement shall be given if the sale had been scheduled to occur during that seven-day period. The trustee shall maintain records of each postponement and the reason therefor.

(e) Notwithstanding the time periods established under subdivision (d), if postponement of a sale is based on a stay imposed by Title 11 of the United States Code (bankruptcy), the sale shall be conducted no sooner than the expiration of the stay imposed by that title and the seven-day provision of subdivision (d) shall not apply.

CHAPTER 225

An act to amend Section 33334.22 of the Health and Safety Code, relating to housing.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 33334.22 of the Health and Safety Code is amended to read:

33334.22. (a) The Legislature finds and declares that in order to avoid serious economic hardships and accompanying blight, it is necessary to enact this section for the purpose of providing housing assistance to very low, lower, and moderate-income households. This section applies to any redevelopment agency located within Santa Cruz County, the Contra Costa County Redevelopment Agency, and the Monterey County Redevelopment Agency.

(b) Notwithstanding Section 50052.5, any redevelopment agency to which this section applies may make assistance available from its low- and moderate-income housing fund directly to a home buyer for the purchase of an owner-occupied home, and for purposes of that assistance and this section, "affordable housing cost" shall not exceed the following:

(1) For very low income households, the product of 40 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.

(2) For lower income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70 percent of the area median income adjusted for family size, the product

of 40 percent times 70 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any lower income household that has a gross income that equals or exceeds 70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that the affordable housing cost not exceed 40 percent of the gross income of the household.

(3) For moderate income households, affordable housing cost shall not exceed the product of 40 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 40 percent of the gross income of the household.

(c) Any agency that provides assistance pursuant to this section shall include in the annual report to the Controller, pursuant to Sections 33080 and 33080.1, all of the following information:

(1) The sales prices of homes purchased with assistance from the agency's Low and Moderate Income Housing Fund for each year from 2000 to 2007, inclusive, for agencies in Santa Cruz County and for 2006 and 2007 for the Contra Costa County Redevelopment Agency and the Monterey County Redevelopment Agency.

(2) The sales prices of homes purchased and rehabilitated with assistance from the agency's Low and Moderate Income Housing Fund for each year from 2000 to 2007, inclusive, for agencies in Santa Cruz County and for 2006 and 2007 for the Contra Costa County Redevelopment Agency and the Monterey County Redevelopment Agency.

(3) The incomes, and percentage of income paid for housing costs, of all households that purchased, and that purchased and rehabilitated, homes with assistance from the agency's Low and Moderate Income Housing Fund for each year from 2000 to 2007, inclusive, for agencies in Santa Cruz County and for 2006 and 2007 for the Contra Costa County Redevelopment Agency and the Monterey County Redevelopment Agency.

(d) Except as provided in subdivision (b), all provisions of Section 50052.5, including any definitions, requirements, standards, and regulations adopted to implement those provisions, shall apply to this section.

(e) By April 1, 2007, the Controller shall furnish a compilation of the information described in subdivision (c) to the Legislature and the director.

(f) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

CHAPTER 226

An act to amend Section 15242 of the Vehicle Code, relating to motor carriers.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 15242 of the Vehicle Code is amended to read:

15242. (a) A person who is self-employed as a commercial motor vehicle driver shall comply with both the requirements of this chapter pertaining to employers and those pertaining to employees.

(b) Notwithstanding subdivision (a), a motor carrier that engages a person who owns, leases, or otherwise operates not more than one motor vehicle listed in Section 34500 to provide transportation services under the direction and control of that motor carrier is responsible for the compliance of that person with this chapter and for purposes of the regulations adopted by the department pursuant to Section 34501 during the period of that direction and control.

(c) For the purposes of subdivision (b), "direction and control" means either of the following:

(1) The person is operating under the motor carrier's interstate operating authority issued by the United States Department of Transportation.

(2) The person is operating under a subcontract with the motor carrier that requires that the person to operate in intrastate commerce and the person has performed transportation services for a minimum of 60 calendar days within the past 90 calendar days for the motor carrier and has been on duty for that carrier for no less than 36 hours within any week in which transportation services were provided.

(d) Subdivision (b) shall not be construed to change the definition of "employer," "employee," or "independent contractor" for any purpose.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or

infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 227

An act to amend Sections 33302, 33321, 33322, 33347, and 33352 of the Public Resources Code, relating to the Sierra Nevada Conservancy.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 33302 of the Public Resources Code is amended to read:

33302. For the purposes of this division, the following terms have the following meanings:

(a) "Board" means the Governing Board of the Sierra Nevada Conservancy.

(b) "Conservancy" means the Sierra Nevada Conservancy.

(c) "Fund" means the Sierra Nevada Conservancy Fund created pursuant to Section 33355.

(d) "Local public agency" means a city, county, district, or joint powers authority.

(e) "Nonprofit organization" means a private, nonprofit organization that qualifies for exempt status under Section 501(c)(3) of Title 26 of the United States Code, and that has among its principal charitable purposes preservation of land for scientific, educational, recreational, scenic, or open-space opportunities; or, protection of the natural environment, preservation or enhancement of wildlife; or, preservation of cultural and historical resources; or, efforts to provide for the enjoyment of public lands.

(f) "Region" or "Sierra Nevada Region" means the area lying within the Counties of Alpine, Amador, Butte, Calaveras, El Dorado, Fresno, Inyo, Kern, Lassen, Madera, Mariposa, Modoc, Mono, Nevada, Placer, Plumas, Shasta, Sierra, Tehama, Tulare, Tuolumne, and Yuba, described as the area bounded as follows:

On the east by the eastern boundary of the State of California; the crest of the White/Inyo ranges; and State Routes 395 and 14 south of Olancha; on the south by State Route 58, Tehachapi Creek, and Caliente

Creek; on the west by the line of 1,250 feet above sea level from Caliente Creek to the Kern/Tulare County line; the lower level of the western slope's blue oak woodland, from the Kern/Tulare County line to the Sacramento River near the mouth of Seven-Mile Creek north of Red Bluff; the Sacramento River from Seven-Mile Creek north to Cow Creek below Redding; Cow Creek, Little Cow Creek, Dry Creek, and the Shasta National Forest portion of Bear Mountain Road, between the Sacramento River and Shasta Lake; the Pit River Arm of Shasta Lake; the northerly boundary of the Pit River watershed; the southerly and easterly boundaries of Siskiyou County; and within Modoc County, the easterly boundary of the Klamath River watershed; and on the north by the northern boundary of the State of California; excluding both of the following:

(1) The Lake Tahoe Region, as described in Section 66905.5 of the Government Code, where it is defined as "region."

(2) The San Joaquin River Parkway, as described in Section 32510.

(g) "Subregions" means the six subregions in which the Sierra Nevada Region is located, described as follows:

(1) The north Sierra subregion, comprising the Counties of Lassen, Modoc, and Shasta.

(2) The north central Sierra subregion, comprising the Counties of Butte, Plumas, Sierra, and Tehama.

(3) The central Sierra subregion, comprising the Counties of El Dorado, Nevada, Placer, and Yuba.

(4) The south central Sierra subregion, comprising the Counties of Amador, Calaveras, Mariposa, and Tuolumne.

(5) The east Sierra subregion, comprising the Counties of Alpine, Inyo, and Mono.

(6) The south Sierra subregion, comprising the Counties of Fresno, Kern, Madera, and Tulare.

(h) "Tribal organization" means an Indian tribe, band, nation, or other organized group or community, or a tribal agency authorized by a tribe, which is recognized as eligible for special programs and services provided by the United States to Indians because of their status as Indians and is identified on pages 52829 to 52835, inclusive, of Number 250 of Volume 53 (December 29, 1988) of the Federal Register, as that list may be updated or amended from time to time.

SEC. 2. Section 33321 of the Public Resources Code is amended to read:

33321. (a) The board shall consist of 13 voting members and three nonvoting liaison advisers, appointed or designated as follows:

(1) The 13 voting members of the board shall consist of all of the following:

(A) The Secretary of the Resources Agency, or his or her designee.

(B) The Director of Finance, or his or her designee.

(C) Three public members appointed by the Governor, who are not elected officials, to represent statewide interests.

(D) One public member appointed by the Speaker of the Assembly, who is not an elected official, to represent statewide interests.

(E) One public member appointed by the Senate Committee on Rules, who is not an elected official, to represent statewide interests.

(F) One member for each of the six subregions who shall be a member of the board of supervisors of a county located within that subregion, and whose supervisorial district shall be at least partially contained within the Sierra Nevada Region. Each member shall be selected by the counties within that subregion, according to the following procedure:

(i) Each county board of supervisors within a subregion shall select a member of their board to determine, with the selected members of the other counties in the subregion, which member of a board of supervisors within the subregion shall be appointed as a member of the conservancy board. An alternate may be appointed. The appointed member and any alternate shall have at least part of his or her supervisorial district within the subregion.

(ii) The initial appointment of a member for each subregion shall be made no later than 60 days after the effective date of this division. A subsequent appointment to a regular term on the board shall be made before the date specified in Section 33322 for the commencement of that term. A vacancy occurring before the end of a term shall be filled for the remainder of the term within 60 days of the vacancy.

(iii) If the boards of supervisors of the subregion do not appoint a member to the board within the timeframe specified in clause (ii), the Governor shall appoint one of the supervisors selected in clause (i) to serve as the board member for the subregion.

(2) The three nonvoting liaison advisers who serve in an advisory, nonvoting capacity shall consist of all of the following:

(A) One representative of the National Park Service, designated by the United States Secretary of the Interior.

(B) One representative of the United States Forest Service, designated by the United States Secretary of Agriculture.

(C) One representative of the United States Bureau of Land Management, designated by the United States Secretary of the Interior.

(b) Appointing powers shall seek to include individuals from a breadth of backgrounds.

SEC. 3. Section 33322 of the Public Resources Code is amended to read:

33322. Members and alternates, if any, shall serve terms as follows:

(a) The members appointed pursuant to subparagraphs (C) to (E), inclusive, of paragraph (1) of subdivision (a) of Section 33321 shall serve at the pleasure of the appointing power.

(b) The members and alternates, if any, appointed under subparagraph (F) of paragraph (1) of subdivision (a) of Section 33321 shall serve, as follows:

(1) Members and alternates in the north Sierra subregion, the central Sierra subregion, and the east Sierra subregion shall have terms beginning on January 1 in an odd-numbered year and ending on December 31 of the following even-numbered year. All terms shall be for two years.

(2) Members and alternates in the north central Sierra subregion, the south central Sierra subregion, and the south Sierra subregion shall have terms beginning on January 1 in an even-numbered year and ending on December 31 in the following odd-numbered year. Members and alternates who are initially appointed to the board shall serve for a one-year term for the first year. Subsequent terms shall be for two years.

(c) No member of the board, whose appointment to the board was contingent upon meeting a condition of eligibility under this division, shall serve beyond the time when the member ceases to meet that condition.

SEC. 4. Section 33347 of the Public Resources Code is amended to read:

33347. (a) The conservancy may acquire from willing sellers or transferors, an interest in any real property, in order to carry out the purposes of this division. However, the conservancy shall not acquire a fee interest in real property by purchase.

(b) The acquisition of an interest in real property under this section is not subject to the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code), unless the value of the interest exceeds two hundred fifty thousand dollars ($250,000) per lot or parcel, as adjusted for annual changes to the Consumer Price Index for the State of California, as calculated by the Department of Finance. However, the conservancy may request the State Public Works Board to review and approve specific acquisitions.

(c) The conservancy shall not exercise the power of eminent domain.

SEC. 5. Section 33352 of the Public Resources Code is amended to read:

33352. (a) The conservancy may receive gifts, donations, bequests, devises, subventions, grants, rents, royalties, and other assistance and funds from public and private sources.

(b) Except as provided in Section 33347, the conservancy may receive an interest in real or personal property through transfer, succession, or other mode of acquisition generally recognized by law.

(c) All funds or income received by the conservancy shall be deposited in the fund for expenditure for the purposes of this division.

CHAPTER 228

An act to add and repeal Section 20175.2 of the Public Contract Code, relating to public contracts.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 20175.2 is added to the Public Contract Code, to read:

20175.2. (a) (1) This section provides an alternative procedure for bidding on building construction projects applicable in cities in the Counties of Solano and Yolo upon approval of the appropriate city council.

(2) These cities may award the project using either the lowest responsible bidder or by best value.

(b) (1) It is the intent of the Legislature to enable cities to utilize cost-effective options for building and modernizing public facilities. The Legislature also recognizes the national trend, including authorization in California, to allow public entities to utilize design-build contracts as a project delivery method. It is not the intent of the Legislature to authorize this procedure for transportation facilities, including, but not limited to, roads and bridges.

(2) The Legislature also finds and declares that utilizing a design-build contract requires a clear understanding of the roles and responsibilities of each participant in the design-build process. The Legislature also finds that the cost-effective benefits to cities are achieved by shifting the liability and risk for cost containment and project completion to the design-build entity.

(3) It is the intent of the Legislature to provide an alternative and optional procedure for bidding and building construction projects for cities.

(4) The design-build approach may be used, but is not limited to use, when it is anticipated that it will: reduce project cost, expedite project completion, or provide design features not achievable through the design-bid-build method.

(5) If a city council elects to proceed under this section, the city council shall establish and enforce, for design-build projects, a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code, or it shall contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to any project where the city or the design-build entity has entered into any collective bargaining agreement or agreements that bind all of the contractors performing work on the projects.

(c) As used in this section:

(1) "Best value" means a value determined by objectives relative to price, features, functions, and life-cycle costs.

(2) "Design-build" means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) "Design-build entity" means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services, as needed, pursuant to a design-build contract.

(4) "Project" means the construction of a building and improvements directly related to the construction of a building, but does not include streets and highways, public rail transit, or water resources facilities and infrastructure.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The city shall prepare a set of documents setting forth the scope of the project. The documents may include, but are not limited to, the size, type, and desired design character of the buildings and site, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the city's needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(B) Any architect or engineer retained by the city to assist in the development of the project-specific documents shall not be eligible to participate in the preparation of a bid with any design-build entity for that project.

(2) (A) Based on the documents prepared in paragraph (1), the city shall prepare a request for proposals that invites interested parties to submit competitive sealed proposals in the manner prescribed by the city. The request for proposals shall include, but is not limited to, the following elements:

(i) Identification of the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the

city to inform interested parties of the contracting opportunity, to include the methodology that will be used by the city to evaluate proposals, and specifically if the contract will be awarded to the lowest responsible bidder.

(ii) Significant factors which the city reasonably expects to consider in evaluating proposals, including cost or price and all nonprice related factors.

(iii) The relative importance of weight assigned to each of the factors identified in the request for proposals.

(B) With respect to clause (iii) of subparagraph (A), if a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors, other than cost or price, when combined are:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(C) If the city chooses to reserve the right to hold discussions or negotiations with responsive bidders, it shall so specify in the request for proposal and shall publish separately, or incorporate into the request for proposal, applicable rules and procedures to be observed by the city to ensure that any discussions or negotiations are conducted in good faith.

(3) (A) The city shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the city. In preparing the questionnaire, the city shall consult with the construction industry, including representatives of the building trades and surety industry. This questionnaire shall require information including, but not limited to, all of the following:

(i) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members known at the time of bid submission who will participate in the design-build contract, including, but not limited to, mechanical subcontractors.

(ii) Evidence that the members of the design-build entity have completed, or demonstrated the experience, competency, capability, and capacity to complete projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, as well as a financial statement that assures the city that the design-build entity has the capacity to complete the project.

(iii) The licenses, registration, and credentials required to design and construct the project, including information on the revocation or suspension of any license, credential, or registration.

(iv) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(v) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1 (commencing with Section 6300) of Division 5 of the Labor Code or the federal Occupational Safety and Health Act of 1970 (Public Law 91–596) settled against any member of the design-build entity, and information concerning workers' compensation experience history and worker safety program.

(vi) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance where an entity, its owners, officers, or managing employees submitted a bid on a public works project and were found to be nonresponsive, or were found by an awarding body not to be a responsible bidder.

(vii) Any instance where the entity, its owners, officers, or managing employees defaulted on a construction contract.

(viii) Any violations of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), excluding alleged violations of federal or state law including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of Federal Insurance Contribution Act (FICA) withholding requirements settled against any member of the design-build entity.

(ix) Information concerning the bankruptcy or receivership of any member of the design-build entity, including information concerning any work completed by a surety.

(x) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars ($50,000). Information shall also be provided concerning any work completed by a surety during this period.

(xi) In the case of a partnership or other association that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all partners or association members agree to be fully liable for the performance under the design-build contract.

(B) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter

3.5 of Division 7 of Title 1 of the Government Code) shall not be open to public inspection.

(4) The city shall establish a procedure for final selection of the design-build entity. Selection shall be based on either of the following criteria:

(A) A competitive bidding process resulting in lump-sum bids by the prequalified design-build entities. Awards shall be made to the lowest responsible bidder.

(B) The city may use a design-build competition based upon best value and other criteria set forth in paragraph (2) of subdivision (d). The design-build competition shall include the following elements:

(i) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposal. However, the following minimum factors shall each represent at least 10 percent of the total weight of consideration given to all criteria factors: price, technical design and construction expertise, life cycle costs over 15 years or more, skilled labor force availability, and acceptable safety record. Each of these factors shall be weighted equally.

(ii) Once the evaluation is complete, the top three responsive bidders shall be ranked sequentially from the most advantageous to the least.

(iii) The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing, to be the most advantageous.

(iv) Notwithstanding any provision of this code, upon issuance of a contract award, the city shall publicly announce its award, identifying the contractor to whom the award is made, along with a written decision supporting its contract award and stating the basis of the award. The notice of award shall also include the city's second and third ranked design-build entities.

(v) For the purposes of this paragraph, "skilled labor force availability" shall be determined by the existence of an agreement with a registered apprenticeship program, approved by the California Apprenticeship Council, which has graduated apprentices in each of the preceding five years. This graduation requirement shall not apply to programs providing apprenticeship training for any craft that has been deemed by the Department of Labor and the Department of Industrial Relations to be an apprenticeable craft in the five years prior to enactment of this act.

(vi) For the purposes of this paragraph, a bidder's "safety record" shall be deemed "acceptable" if their experience modification rate for the most recent three-year period is an average of 1.00 or less, and their average Total Recordable Injury/Illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category, or if the bidder is a party

to an alternative dispute resolution system, as provided for in Section 3201.5 of the Labor Code.

(e) (1) Any design-build entity that is selected to design and build a project pursuant to this section shall possess or obtain sufficient bonding to cover the contract amount for nondesign services and errors and omissions insurance coverage sufficient to cover all design and architectural services provided in the contract. This section does not prohibit a general or engineering contractor from being designated the lead entity on a design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(2) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the city.

(f) All subcontractors that were not listed by the design-build entity in accordance with clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the city in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the city.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) The minimum performance criteria and design standards established pursuant to paragraph (1) of subdivision (d) shall be adhered to by the design-build entity. Any deviations from those standards may only be allowed by written consent of the city.

(h) The city may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this section.

(i) Contracts awarded pursuant to this section shall be valid until the project is completed.

(j) Nothing in this section is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(k) (1) If the city elects to award a project pursuant to this section, retention proceeds withheld by the city from the design-build entity shall not exceed 5 percent if a performance and payment bond, issued by an admitted surety insurer, is required in the solicitation of bids.

(2) In a contract between the design-build entity and the subcontractor, and in a contract between a subcontractor and any subcontractor

thereunder, the percentage of the retention proceeds withheld may not exceed the percentage specified in the contract between the city and the design-build entity. If the design-build entity provides written notice to any subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond to the design-build entity, then the design-build entity may withhold retention proceeds in excess of the percentage specified in the contract between the city and the design-build entity from any payment made by the design-build entity to the subcontractor.

(*l*) Each city that elects to proceed under this section and uses the design-build method on a public works project shall submit to the Legislative Analyst's office before December 1, 2009, a report containing a description of each public works project procured through the design-build process that is completed after January 1, 2006, and before November 1, 2009. The report shall include, but shall not be limited to, all of the following information:

(1) The type of project.

(2) The gross square footage of the project.

(3) The design-build entity that was awarded the project.

(4) The estimated and actual project costs.

(5) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the design-build project, including the resolution of the protests.

(6) An assessment of the prequalification process and criteria.

(7) An assessment of the effect of retaining 5 percent retention on the project.

(8) A description of the Labor Force Compliance Program and an assessment of the project impact, where required.

(9) A description of the method used to award the contract. If the best value method was used, the report shall describe the factors used to evaluate the bid, including the weighting of each factor and an assessment of the effectiveness of the methodology.

(10) An assessment of the project impact of "skilled labor force availability."

(11) An assessment of the most appropriate uses for the design-build approach.

(m) Any city that elects not to use the authority granted by this section may submit a report to the Legislative Analyst's office explaining why the city elected not to use the design-build method.

(n) On or before January 1, 2010, the Legislative Analyst's office shall report to the Legislature on the use of the design-build method by cities pursuant to this section, including the information listed in

subdivision (*l*). The report may include recommendations for modifying or extending this section.

(o) This section shall remain in effect only until January 1, 2011, and of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, 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 need to build public facilities in a cost-effective manner in cities located in the Counties of Solano and Yolo.

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

CHAPTER 229

An act to amend Section 17215 of the Education Code, relating to school facilities.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 17215 of the Education Code is amended to read:

17215. (a) In order to promote the safety of pupils, comprehensive community planning, and greater educational usefulness of schoolsites, before acquiring title to or leasing property for a new schoolsite, the governing board of each school district, including any district governed by a city board of education, or a charter school, shall give the State Department of Education written notice of the proposed acquisition or lease and shall submit any information required by the State Department of Education if the site is within two miles, measured by air line, of that point on an airport runway or a potential runway included in an airport master plan that is nearest to the site.

(b) Upon receipt of the notice required pursuant to subdivision (a), the State Department of Education shall notify the Department of Transportation in writing of the proposed acquisition or lease. If the Department of Transportation is no longer in operation, the State Department of Education shall, in lieu of notifying the Department of Transportation, notify the United States Department of Transportation or any other appropriate agency, in writing, of the proposed acquisition or lease for the purpose of obtaining from the department or other agency any information or assistance that it may desire to give.

(c) The Department of Transportation shall investigate the site and, within 30 working days after receipt of the notice, shall submit to the State Department of Education a written report of its findings including recommendations concerning acquisition or lease of the site. As part of the investigation, the Department of Transportation shall give notice thereof to the owner and operator of the airport who shall be granted the opportunity to comment upon the site. The Department of Transportation shall adopt regulations setting forth the criteria by which a site will be evaluated pursuant to this section.

(d) The State Department of Education shall, within 10 days of receiving the Department of Transportation's report, forward the report to the governing board of the school district or charter school. The governing board or charter school may not acquire title to or lease the property until the report of the Department of Transportation has been received. If the report does not favor the acquisition or lease of the property for a schoolsite or an addition to a present schoolsite, the governing board or charter school may not acquire title to or lease the property. If the report does favor the acquisition or lease of the property for a schoolsite or an addition to a present schoolsite, the governing board or charter school shall hold a public hearing on the matter prior to acquiring or leasing the site.

(e) If the Department of Transportation's recommendation does not favor acquisition or lease of the proposed site, state funds or local funds may not be apportioned or expended for the acquisition or lease of that site, construction of any school building on that site, or for the expansion of any existing site to include that site.

(f) This section does not apply to sites acquired prior to January 1, 1966, nor to any additions or extensions to those sites.

CHAPTER 230

An act to add Section 1350 to the Health and Safety Code, and to add Section 10112.6 to the Insurance Code, relating to health care coverage, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 1350 is added to the Health and Safety Code, to read:

1350. (a) Consistent with federal law, a sponsor of a prescription drug plan authorized by the federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173) shall hold a valid license as a health care service plan issued by the department or as a life and disability insurer by the Department of Insurance.

(b) An entity that is licensed as a health care service plan and that operates a prescription drug plan shall be subject to the provisions of this chapter, unless preempted by federal law.

SEC. 2. Section 10112.6 is added to the Insurance Code, to read:

10112.6. (a) Consistent with federal law, a sponsor of a prescription drug plan authorized by the federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173) shall hold a valid license as a life and disability insurer issued by the department or as a health care service plan issued by the Department of Managed Health Care.

(b) An entity that is licensed as a life and disability insurer and that operates a prescription drug plan shall be subject to the provisions of this code, unless preempted by federal law.

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.

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:

Due to the specified deadlines for complying with the licensure requirements for prescription drug plans imposed by federal law, it is necessary that this act take effect immediately.

CHAPTER 231

An act to amend Section 1775.9 of the Insurance Code, and to amend Sections 12491, 12493, 12494, 12495, and 12636.5 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 6, 2005. Filed with Secretary of State September 6, 2005.]

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

SECTION 1. Section 1775.9 of the Insurance Code is amended to read:

1775.9. (a) If the commissioner determines that the amount of tax reported by the surplus line broker is less than the tax disclosed by the commissioner's examination, the commissioner shall permit the surplus line broker to provide additional information demonstrating that the surplus line broker owes a lesser amount. If within 60 days, or such additional time as the commissioner deems appropriate, the commissioner and the surplus line broker cannot agree on the amount owed, the commissioner shall propose in writing to the State Board of Equalization a deficiency assessment for the difference pursuant to subdivision (b) of Section 12422 of the Revenue and Taxation Code.

(b) Section 12636.5, Article 3 (commencing with Section 12421) and Article 4 (commencing with Section 12491) of Chapter 4 of, and Article 1 (commencing with Section 12951) and Article 2 (commencing with Section 12977) of Chapter 7 of, Part 7 of Division 2 of the Revenue and Taxation Code shall apply to surplus line brokers, except where inconsistent with the provisions of this chapter, in which case this chapter shall govern.

SEC. 2. Section 12491 of the Revenue and Taxation Code is amended to read:

12491. (a) Every tax levied upon an insurer under the provisions of Article XIII of the Constitution and of this part is a lien upon all property and franchises of every kind and nature belonging to the insurer, and has the effect of a judgment against the insurer.

(b) (1) Every tax levied upon a surplus line broker under the provisions of Part 7.5 (commencing with Section 13201) of Division 2

is a lien upon all property and franchises of every kind and nature belonging to the surplus line broker, and has the effect of a judgment against the surplus line broker.

(2) A lien levied pursuant to this subdivision shall not exceed the amount of unpaid tax collected by the surplus line broker.

SEC. 3. Section 12493 of the Revenue and Taxation Code is amended to read:

12493. Every lien has the effect of an execution duly levied against all property of a delinquent insurer or surplus line broker.

SEC. 4. Section 12494 of the Revenue and Taxation Code is amended to read:

12494. No judgment is satisfied nor lien removed until either:

(a) The taxes, interest, penalties, and costs are paid.

(b) The insurer's or surplus line broker's property is sold for the payment thereof.

SEC. 5. Section 12495 of the Revenue and Taxation Code is amended to read:

12495. No court shall make and enter a final discharge in bankruptcy or decree of dissolution, nor shall any county clerk or the Secretary of State file a discharge, decree, or any other document by which the term of existence of a corporation or surplus line broker's business is reduced, or a surplus line broker's assets are transferred to a new owner until all taxes, interest, penalties, and costs are paid and discharged.

SEC. 6. Section 12636.5 of the Revenue and Taxation Code is amended to read:

12636.5. Every payment on an insurer's or surplus line broker's delinquent annual tax shall be applied as follows:

(a) First, to any interest due on the tax.

(b) Second, to any penalty imposed by this part.

(c) The balance, if any, to the tax itself.

CHAPTER 232

An act to add Section 8588.1 to the Government Code, relating to emergency services.

[Approved by Governor September 13, 2005. Filed with Secretary of State September 13, 2005.]

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

SECTION 1. Section 8588.1 is added to the Government Code, to read:

8588.1. (a) The Legislature finds and declares that this state can only truly be prepared for the next disaster if the public and private sector collaborate.

(b) The Office of Emergency Services may, as appropriate, include private businesses and nonprofit organizations within its responsibilities to prepare the state for disasters under this chapter. All participation by businesses and nonprofit associations in this program shall be voluntary.

(c) The office may do any of the following:

(1) Provide guidance to business and nonprofit organizations representing business interests on how to integrate private sector emergency preparedness measures into governmental disaster planning programs.

(2) Conduct outreach programs to encourage business to work with governments and community associations to better prepare the community and their employees to survive and recover from disasters.

(3) Develop systems so that government, businesses, and employees can exchange information during disasters to protect themselves and their families.

(4) Develop programs so that businesses and government can work cooperatively to advance technology that will protect the public during disasters.

(d) The office may share facilities and systems for the purposes of subdivision (b) with the private sector to the extent the cost for their use are reimbursed by the private sector.

(e) Proprietary information or information protected by state or federal privacy laws, shall not be disclosed under this program.

(f) Notwithstanding Section 11005, donations and private grants may be accepted by the office and shall not be subject to Section 11005.

(g) The Disaster Resistant Communities Account is hereby created in the General Fund. Upon appropriation by the Legislature, the Director of the Office of Emergency Services may expend the money in the account for the costs associated within this section.

(h) Any new activity undertaken by the office under this section shall be contingent upon the receipt of donations to the Disaster Resistant Communities Account.

CHAPTER 233

An act to add and repeal Article 3.7 (commencing with Section 179) of Chapter 1 of Division 1 of Title 1 of the Government Code, relating to emergencies, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 13, 2005. Filed with Secretary of State September 13, 2005.]

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

SECTION 1. Article 3.7 (commencing with Section 179) is added to Chapter 1 of Division 1 of Title 1 of the Government Code, to read:

Article 3.7. Emergency Management Assistance Compact

179. (a) It is the intent of the State of California to continue its long history of sharing emergency response resources with other states during times of disaster. Californian's have benefited from the assistance provided by the firefighters, law enforcement officers, emergency medical personnel and other emergency staff received from other states during our calamitous fires, earthquakes, winter storms, and other disasters. We must now join our sister states in ensuring we are prepared to aid our people during emergencies by entering into the Emergency Management Assistance Compact as it was adopted by Congress.

(b) The Emergency Management Assistance Compact as set forth in Section 179.5 is hereby ratified and approved.

179.5. The provisions of the Emergency Management Assistance Compact between the State of California and other states that are parties to the compact referred to in Section 179 are as follows:

Article 1. Purposes and Authorities

This compact is made and entered into by and between the participating member states which enact this compact, hereafter called party states. For the purposes of this agreement, the term "states" is taken to mean the several states, the Commonwealth of Puerto Rico, the District of Columbia, and all United States territorial possessions.

The purpose of this compact is to provide for mutual assistance between the states entering into this compact in managing any emergency or disaster that is duly declared by the governor of the affected state, whether arising from natural disaster, technological hazard, manmade

disaster, civil emergency aspects of resource shortages, community disorders, insurgency, or enemy attack.

This compact shall also provide for mutual cooperation in emergency-related exercises, testing, or other training activities using equipment and personnel simulating performance of any aspect of the giving and receiving of aid by party states or subdivisions of party states during emergencies, such actions occurring outside actual declared emergency periods. Mutual assistance in this compact may include the use of the states' National Guard forces, either in accordance with the National Guard Mutual Assistance Compact or by mutual agreement between states.

Article 2. General Implementation

Each party state entering into this compact recognizes many emergencies transcend political jurisdictional boundaries and that intergovernmental coordination is essential in managing these and other emergencies under this compact. Each state further recognizes that there will be emergencies which require immediate access and present procedures to apply outside resources to make a prompt and effective response to such an emergency. This is because few, if any, individual states have all the resources they may need in all types of emergencies or the capability of delivering resources to areas where emergencies exist.

The prompt, full, and effective utilization of resources of the participating states, including any resources on hand or available from the federal government or any other source, that are essential to the safety, care, and welfare of the people in the event of any emergency or disaster declared by a party state, shall be the underlying principle on which all articles of this compact shall be understood. On behalf of the governor of each state participating in the compact, the legally designated state official who is assigned responsibility for emergency management will be responsible for formulation of the appropriate interstate mutual aid plans and procedures necessary to implement this compact.

Article 3. Party State Responsibilities

(a) It shall be the responsibility of each party state to formulate procedural plans and programs for interstate cooperation in the performance of the responsibilities listed in this article. In formulating such plans, and in carrying them out, the party states, insofar as practical, shall:

(1) Review individual state hazards analyses and, to the extent reasonably possible, determine all those potential emergencies the party states might jointly suffer, whether due to natural disaster, technological hazard, manmade disaster, emergency aspects of resource shortages, civil disorders, insurgency, or enemy attack.

(2) Review party states' individual emergency plans and develop a plan which will determine the mechanism for the interstate management and provision of assistance concerning any potential emergency.

(3) Develop interstate procedures to fill any identified gaps and to resolve any identified inconsistencies or overlaps in existing or developed plans.

(4) Assist in warning communities adjacent to or crossing the state boundaries.

(5) Protect and assure uninterrupted delivery of services, medicines, water, food, energy and fuel, search and rescue, and critical lifeline equipment, services, and resources, both human and material.

(6) Inventory and set procedures for the interstate loan and delivery of human and material resources, together with procedures for reimbursement or forgiveness.

(7) Provide, to the extent authorized by law, for temporary suspension of any statutes.

(b) The authorized representative of a party state may request assistance of another party state by contacting the authorized representative of that state. The provisions of this agreement shall only apply to requests for assistance made by and to authorized representatives. Requests may be verbal or in writing. If verbal, the request shall be confirmed in writing within 30 days of the verbal request. Requests shall provide the following information:

(1) A description of the emergency service function for which assistance is needed, including, but not limited to, fire services, law enforcement, emergency medical, transportation, communications, public works and engineering, building inspection, planning and information assistance, mass care, resource support, health and medical services, and search and rescue.

(2) The amount and type of personnel, equipment, materials and supplies needed, and a reasonable estimate of the length of time they will be needed.

(3) The specific place and time for staging of the assisting party's response and a point of contact at that location.

(c) There shall be frequent consultation between state officials who have assigned emergency management responsibilities and other appropriate representatives of the party states with affected jurisdictions

and the United States Government, with free exchange of information, plans, and resource records relating to emergency capabilities.

Article 4. Limitations

Any party state requested to render mutual aid or conduct exercises and training for mutual aid shall take such action as is necessary to provide and make available the resources covered by this compact in accordance with the terms hereof; provided that it is understood that the state rendering aid may withhold resources to the extent necessary to provide reasonable protection for such state. Each party state shall afford to the emergency forces of any party state, while operating within its state limits under the terms and conditions of this compact, the same powers (except that of arrest unless specifically authorized by the receiving state), duties, rights, and privileges as are afforded forces of the state in which they are performing emergency services. Emergency forces will continue under the command and control of their regular leaders, but the organizational units will come under the operational control of the emergency services authorities of the state receiving assistance. These conditions may be activated, as needed, only subsequent to a declaration of a state of emergency or disaster by the governor of the party state that is to receive assistance or commencement of exercises or training for mutual aid and shall continue so long as the exercises or training for mutual aid are in progress, the state of emergency or disaster remains in effect, or loaned resources remain in the receiving state, whichever is longer.

Article 5. Licenses and Permits

Whenever any person holds a license, certificate, or other permit issued by any state party to the compact evidencing the meeting of qualifications for professional, mechanical, or other skills, and when such assistance is requested by the receiving party state, such person shall be deemed licensed, certified, or permitted by the state requesting assistance to render aid involving such skill to meet a declared emergency or disaster, subject to such limitations and conditions as the governor of the requesting state may prescribe by executive order or otherwise.

Article 6. Liability

Officers or employees of a party state rendering aid in another state pursuant to this compact shall be considered agents of the requesting state for tort liability and immunity purposes. No party state or its officers

or employees rendering aid in another state pursuant to this compact shall be liable on account of any act or omission in good faith on the part of such forces while so engaged or on account of the maintenance or use of any equipment or supplies in connection therewith. Good faith in this article shall not include willful misconduct, gross negligence, or recklessness.

Article 7. Supplementary Agreements

Inasmuch as it is probable that the pattern and detail of the machinery for mutual aid among two or more states may differ from that among the states that are party hereto, this instrument contains elements of a broad base common to all states, and nothing herein contained shall preclude any state from entering into supplementary agreements with another state or affect any other agreements already in force between states. Supplementary agreements may comprehend, but shall not be limited to, provisions for evacuation and reception of injured and other persons and the exchange of medical, fire, police, public utility, reconnaissance, welfare, transportation, and communications personnel, and equipment and supplies.

Article 8. Compensation

Each party state shall provide for the payment of compensation and death benefits to injured members of the emergency forces of that state and representatives of deceased members of such forces in case such members sustain injuries or are killed while rendering aid pursuant to this compact, in the same manner and on the same terms as if the injury or death were sustained within their own state.

Article 9. Reimbursement

Any party state rendering aid in another state pursuant to this compact shall be reimbursed by the party state receiving such aid for any loss or damage to or expense incurred in the operation of any equipment and the provision of any service in answering a request for aid and for the costs incurred in connection with such requests; provided, that any aiding party state may assume in whole or in part such loss, damage, expense, or other cost, or may loan such equipment or donate such services to the receiving party state without charge or cost; and provided further, that any two or more party states may enter into supplementary agreements establishing a different allocation of costs among those states. Article 8 expenses shall not be reimbursable under this provision.

Article 10. Evacuation

Plans for the orderly evacuation and interstate reception of portions of the civilian population as the result of any emergency or disaster of sufficient proportions to so warrant, shall be worked out and maintained between the party states and the emergency management/services directors of the various jurisdictions where any type of incident requiring evacuations might occur. Such plans shall be put into effect by request of the state from which evacuees come and shall include the manner of transporting such evacuees, the number of evacuees to be received in different areas, the manner in which food, clothing, housing, and medical care will be provided, the registration of the evacuees, the providing of facilities for the notification of relatives or friends, and the forwarding of such evacuees to other areas or the bringing in of additional materials, supplies, and all other relevant factors. Such plans shall provide that the party state receiving evacuees and the party state from which the evacuees come shall mutually agree as to reimbursement of out-of-pocket expenses incurred in receiving and caring for such evacuees, for expenditures for transportation, food, clothing, medicines, and medical care, and like items. Such expenditures shall be reimbursed as agreed by the party state from which the evacuees come. After the termination of the emergency or disaster, the party state from which the evacuees come shall assume the responsibility for the ultimate support of repatriation of such evacuees.

Article 11. Implementation

(a) This compact shall become operative immediately upon its enactment into law by any two states. Thereafter, this compact shall become effective as to any other state upon its enactment by such state.

(b) Any party state may withdraw from this compact by enacting a statute repealing the same, but no such withdrawal shall take effect until 30 days after the governor of the withdrawing state has given notice in writing of such withdrawal to the governors of all other party states. Such action shall not relieve the withdrawing state from obligations assumed hereunder prior to the effective date of withdrawal.

(c) Duly authenticated copies of this compact and of such supplementary agreements as may be entered into shall, at the time of their approval, be deposited with each of the party states and with the Federal Emergency Management Agency and other appropriate agencies of the United States Government.

Article 12. Validity

This act shall be construed to effectuate the purposes stated in Article 1 hereof. If any provision of this compact is declared unconstitutional, or the applicability thereof to any person or circumstances is held invalid, the constitutionality of the remainder of this act and the applicability thereof to other persons and circumstances shall not be affected thereby.

Article 13. Additional Provisions

Nothing in this compact shall authorize or permit the use of military force by the National Guard of a state at any place outside that state in any emergency for which the President is authorized by law to call into federal service the militia, or for any purpose for which the use of the Army or the Air Force would in the absence of express statutory authorization be prohibited under Section 1385 of Title 18 of the United States Code.

179.7. (a) Notwithstanding Article 6 of the Emergency Management Assistance Compact, as set forth in Section 179.5, the state shall indemnify and make whole any officer or employee who is a resident of California, or his or her heirs, if the officer or employee is injured or killed in another state when rendering aid pursuant to the compact, as if the act or acts occurred in California, less any recovery obtained under the provisions of Article 6 of the Emergency Management Assistance Compact.

(b) Local government or special district personnel who are officially deployed under the provisions of the Emergency Management Assistance Compact pursuant to an assignment of the Office of Emergency Services shall be defended by the Attorney General or other legal counsel provided by the state, and shall be indemnified subject to the same conditions and limitations applicable to state employees.

179.9. This article shall become inoperative on March 1, 2007, and, as of January 1, 2008, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2008, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 2. 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 at the earliest possible time that the state is aided by other states and is prepared to meet any emergency or disaster declared by the Governor, it is necessary that this act take effect immediately.

CHAPTER 234

An act to amend Section 37252 of, and to add Section 37254 to, the Education Code, and to amend Items 6110-161-0001, 6110-161-0890, and 6110-243-0001, and to add Item 6110-204-0001 to Section 2.00 of Chapter 38 of the Statutes of 2005, the Budget Act of 2005, relating to education finance, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 13, 2005. Filed with Secretary of State September 13, 2005.]

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

SECTION 1. Section 37252 of the Education Code is amended to read:

37252. (a) The governing board of each school district maintaining any or all of grades 7 to 12, inclusive, shall offer, and a charter school may offer, supplemental instructional programs for pupils enrolled in grades 7 to 12, inclusive, who do not demonstrate sufficient progress toward passing the exit examination required for high school graduation pursuant to Chapter 8 (commencing with Section 60850) of Part 33.

(b) Sufficient progress, as described in subdivision (a), shall be determined on the basis of either of the following:

(1) The results of the assessments administered pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33 and the minimum levels of proficiency recommended by the state board pursuant to Section 60648.

(2) The pupils' grades and other indicators of academic achievement designated by the district.

(c) For purposes of this section, a pupil shall be considered to be enrolled in a grade immediately upon completion of the preceding grade. Supplemental instruction may also be offered to a pupil who was enrolled in grade 12 during the prior school year.

(d) For the purposes of this section, pupils who do not possess sufficient English language skills to be assessed, as set forth in Sections 60850 and 60853, shall be considered pupils who do not demonstrate sufficient progress towards passing the exit examination required for

high school graduation and shall receive supplemental instruction designed to assist pupils to succeed on the high school exit examination.

(e) Except as provided in subdivision (h), programs may be offered pursuant to this section during the summer, before school, after school, on Saturday, or during intersession, or in any combination of summer, before school, after school, Saturday, or intersession instruction, but shall be in addition to the regular schoolday. Any minor pupil whose parent or guardian informs the school district that the pupil is unable to attend a Saturday school program for religious reasons, or any pupil 18 years of age or older who states that he or she is unable to attend a Saturday school program for religious reasons, shall be given priority for enrollment in supplemental instruction offered at a time other than Saturday over a pupil who is not unable to attend a Saturday school program for religious reasons.

(f) A school district or charter school offering supplemental instructional programs pursuant to this section shall receive funding as described in Section 42239 and in the annual Budget Act.

(g) Notwithstanding any other provision of law, neither the State Board of Education nor the Superintendent of Public Instruction may waive any provision of this section.

(h) Funds received for supplemental instruction pursuant to this section may also be used to provide intensive instruction and services to eligible pupils pursuant to Section 37254.

SEC. 2. Section 37254 is added to the Education Code, to read:

37254. (a) For purposes of this section, "eligible pupil" means a pupil who is required to pass the California High School Exit Examination required for high school graduation pursuant to Chapter 8 (commencing with Section 60850) of Part 33, and who has failed one or both parts of that examination. For the 2005–06 fiscal year, an eligible pupil does not include a pupil who receives services related to the passage of the examination pursuant to Provision 24 of Item 6110-161-0001 of Section 2.00 of Chapter 38 of the Statutes of 2005.

(b) The Superintendent shall rank schools on the basis of the percentage of eligible pupils. The Superintendent may give priority to schools with the highest percentage of eligible pupils who have failed both parts of the examination.

(c) From the funds appropriated for purposes of this section, the Superintendent shall apportion six hundred dollars ($600) per eligible pupil to school districts on behalf of schools identified pursuant to subdivision (b) in the order determined by the Superintendent until the funds are exhausted. The amount per eligible pupil shall be increased annually by the percentage determined in paragraph (2) of subdivision (b) of Section 42238.1.

(d) (1) The funds apportioned pursuant to subdivision (c) shall be used to provide intensive instruction and services designed to help eligible pupils pass the California High School Exit Examination.

(2) Intensive instruction and services may be provided during the regular schoolday provided that they do not supplant the instruction of the pupil in the core curriculum areas as defined in paragraph (5) of subdivision (a) of Section 60603, or physical education instruction.

(3) Intensive instruction and services may include, but are not limited to, all of the following:

(A) Individual or small group instruction.

(B) The hiring of additional teachers.

(C) Purchasing, scoring, and reviewing diagnostic assessments.

(D) Counseling.

(E) Designing instruction to meet specific needs of eligible pupils.

(F) Appropriate teacher training to meet the needs of eligible pupils.

(e) As a condition of receiving funds pursuant to subdivision (c), the school district shall accomplish all of the following:

(1) Ensure that each eligible pupil receives an appropriate diagnostic assessment to identify that pupil's areas of need.

(2) Ensure that each pupil receives intensive instruction and services based on the results of the diagnostic assessment.

(3) Demonstrate that funds will be used to supplement and not supplant existing services.

(4) Provide to the Superintendent of Public Instruction, in a manner and by a date certain determined by the Superintendent, the number of eligible pupils at each high school in the school district.

(5) Submit an annual report to the Superintendent in a manner determined by the Superintendent that describes the number of pupils served, the types of services provided, and the percentage of pupils in the school district who successfully pass the California High School Exit Examination.

SEC. 3. Item 6110-161-0001 of Section 2.00 of Chapter 38 of the Statutes of 2005 is amended to read:

6110-161-0001—For local assistance, Department of Education (Proposition 98), Program 10.60-Special Education Programs for Exceptional Children.....		2,890,022,000
Schedule:		
(1) 10.60.050.003-Special education instruction.....	2,826,428,000	
(2) 10.60.050.080-Early Education Program for Individuals with Exceptional Needs.....	77,989,000	

(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 2005–06 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, $11,428,000, plus any 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, $8,826,000, plus any 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 educational agency shall certify that the amount of nonfederal 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, $4,612,000, plus any COLA, shall be available for regional occupational centers and programs that serve pupils having disabilities, and $77,055,000, plus any COLA, shall be available for regionalized program specialist services, $1,807,000, plus any 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 $178,180,000, plus any COLA, is available to fund the out-of-home care funding formula authorized in Chapter 914 of the Statutes of 2004.
7. Of the amount appropriated in Schedule (2) of this item, $514,000, plus any 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 2005–06 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 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 deficited 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. Funds appropriated in this item, unless otherwise specified, are available for the sole purpose of funding 2005–06 special education program costs and shall not be used to fund any prior year adjustments, claims or costs.
12. Of the amount provided in Schedule (1), $162,000, plus any COLA, shall be available to fully fund the declining enrollment of necessary small SELPAs pursuant to Chapter 551 of the Statutes of 2001.
13. Pursuant to Section 56427 of the Education Code, of the funds appropriated in Schedule (1) 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.
14. Of the funds appropriated in Schedule (1) of this item, $29,478,000 shall be allocated to local educational agencies for the purposes of Project Workability I.
15. Of the funds appropriated in Schedule (1) 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.
16. Of the funds appropriated in Schedule (1) of this item, up to $1,117,000 shall be used for a personnel development program. This program shall include state-sponsored staff development for special education personnel to have the necessary content knowledge

and skills to serve children with disabilities. This funding may include training and services targeting special education teachers and related service personnel that teach core academic or multiple subjects to meet the applicable special education requirements of the Individuals with Disabilities Education Improvement Act of 2004.

17. Of the funds appropriated in Schedule (1) of this item, up to $200,000 shall be used for research and training in cross-cultural assessments.
18. Of the amount specified in Schedule (1) of this item, $31,000,000 shall be used to provide mental health services required by an individual education plan pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) and pursuant to Chapter 493 of the Statutes of 2004.
19. Of the amount provided in Schedule (1), $121,199,000 is provided for a COLA at a rate of 4.23 percent.
20. Of the amount provided in Schedule (2), $3,165,000 is provided for a COLA at a rate of 4.23 percent.
21. Of the amount specified in Schedule (1) of this item, $58,377,000 shall be allocated to each SELPA based upon an equal amount per ADA and added to each SELPA's base funding as determined pursuant to Chapter 854, Statutes of 1997, and consistent with paragraphs (1) to (4), inclusive, of subdivision (b) of Section 56836.158 of the Education Code.
22. Of the amount appropriated in this item, $1,480,000 is available for the state's share of costs in the settlement of Emma C. v. Delaine Eastin, et al. (N.D. Cal. No. C96-4179TEH). The State Department of Education shall report by January 1, 2006, to the fiscal committees of both houses of the Legislature, the Department of Finance, and the Legislative Analyst's Office on the planned use of the additional special education funds provided to the Ravenswood Elementary School District pursuant to this settlement. The report shall also provide the State Department of Education's best estimate of when this supplemental funding will no longer be required by the court. The State Department of Education shall comply with the requirements of Section 948 of the Government Code

in any further request for funds to satisfy this settlement.

23. Of the funds appropriated in this item, $2,500,000 shall be allocated directly to special education local plan areas for a personnel development program that meets the highly qualified teacher requirements and ensures that all personnel necessary to carry out this part are appropriately and adequately prepared, subject to the requirements of paragraph (14) of subdivision (a) of Section 612 of the Individuals with Disabilities Education Act of 2004 (IDEA), and Section 2122 of the Elementary and Secondary Education Act of 1965. The local in-service programs shall include a parent training component and may include a staff training component, and may include a special education teacher component for special education service personnel and paraprofessionals, consistent with state certification and licensing requirements. 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.
24. Of the amount appropriated in Schedule (1), $52,610,000 is available for the 2005–06 fiscal year in accordance with both of the following:
    (a) Any amount needed to augment the amounts appropriated in Schedule (1) or (2) to ensure full funding for the 2005–06 fiscal year.
    (b) Once the amount needed to satisfy subdivision (a) is determined, the remaining funds shall be allocated on a one-time basis to SELPAs. These funds shall be allocated on the basis of the average daily attendance of each SELPA. Local educational agencies shall use these funds for one-time purposes, including, but not limited to, the following: to assist students with disabilities pass the California High School Exit Examination, instructional materials, or other one-time expenditures for students with disabilities. First priority for the use of these funds shall be to provide services to pupils with disabilities who are required to pass the California High School Exit Examination in order to receive a diploma in

2006 and who have failed one or both parts of that examination.

SEC. 4. Item 6110-161-0890 of Section 2.00 of the Chapter 38 of the Statutes of 2005 is amended to read:

6110-161-0890—For local assistance, Department of Education, payable from the Federal Trust Fund, Program 10.60-Special Education Programs for Exceptional Children..... 1,149,044,000

Schedule:

(1) 10.60.050.012-Local Agency Entitlements, IDEA Special Education..... 970,398,000

(2) 10.60.050.013-State Agency Entitlements, IDEA Special Education..... 2,152,000

(3) 10.60.050.015-IDEA, Local Entitlements, Preschool Program..... 59,240,000

(4) 10.60.050.021-IDEA, State Level Activities..... 73,220,000

(5) 10.60.050.030-P.L. 99-457, Preschool Grant Program..... 39,161,000

(6) 10.60.050.031-IDEA, State Improvement Grant, Special Education..... 2,079,000

(7) 10.60.050.032-IDEA, Family Empowerment Centers..... 2,794,000

Provisions:

1. If the funds for Part B of the federal Individuals with Disabilities Education Act that are actually received by the state exceed $1,132,573,000, at 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. Up to 5 percent of the amount received in excess of $1,132,573,000 may be used for state administrative expenses upon approval of the Department of Finance. If the funds for Part B of the federal Individuals with Disabilities Education Act that are actually received by the state are less than $1,132,573,000, the reduction shall be taken in other state level activities.
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.

3. Of the funds appropriated in Schedule (4), $2,500,000 shall be allocated directly to special education local plan areas for a personnel development program that meets the highly qualified teacher requirements and ensures that all personnel necessary to carry out this part are appropriately and adequately prepared, subject to the requirements of Section 612(a)(14) of the Individuals with Disabilities Education Improvement Act of 2004 and Section 2122 of the Elementary and Secondary Education Act of 1965. The local in-service programs shall include a parent training component and may include a staff training component, and may include a special education teacher component for special education service personnel and paraprofessionals, consistent with state certification and licensing requirements. 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.
4. Of the funds appropriated in Schedule (4), up to $300,000 shall be used to develop and test procedures, materials, and training for alternative dispute resolution in special education.
5. 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.
6. 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 educational 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 educational agencies identified by the United States Department of Education's Office of Special Education Programs.

7. The funds appropriated in Schedule (7) shall be used for the purposes of Family Empowerment Centers on Disabilities pursuant to Chapter 690 of the Statutes of 2001.
8. Notwithstanding the notification requirements listed in subdivision (d) of Section 26.00, the Department of Finance is authorized to approve intraschedule transfers of funds within this item submitted by the State Department of Education for the purposes of ensuring that special education 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 the Education Code, without waiting 30 days, but shall provide a notice to the Legislature each time a transfer occurs.
9. Of the funds appropriated in Schedule (4), $69,000,000 shall be used exclusively to support mental health services that are provided during the 2005–06 fiscal year by county mental health agencies pursuant to Chapter 26.5 (commencing with Section 7570) of Division 7 of the Government Code and that are included within an individualized education program pursuant to the federal Individuals with Disabilities Education Act. Each county office of education receiving these funds shall contract, on behalf of special education local planning areas in their county, with the county mental health agency to provide specified mental health services. This funding shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claim for provision of the mental health services provided in 2005–06. Amounts allocated to each county office of education shall reflect the share of the $69,000,000 in federal special education funds provided to that county in 2004–05 for mental health services provided pursuant to Chapter 26.5 (commenc-

ing with Section 7570) of Division 7 of the Government Code.

10. Of the amount appropriated in Schedule (1), $58,377,000 represents the increase in the local assistance portion of the federal grant in 2005–06. These funds have been passed through to be used by each SELPA for discretionary purposes in a manner that is consistent with the federal Individuals with Disabilities Education Act.

SEC. 5. Item 6110-204-0001 is added to Section 2.00 of Chapter 38 of Statutes of 2005, to read:

6110-204-0001—For local assistance, State 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 for allocation to school districts to increase the number of pupils that pass the California High School Exit Examination..... 20,000,000

Provisions:

1. The funds appropriated in this item are available to assist eligible pupils, as defined in subdivision (a) of Section 37254 of the Education Code, who are required to pass the California High School Exit Examination in order to receive a diploma in 2006.
2. The funds in this item shall be allocated by the State Department of Education as specified in Section 37254 of the Education Code no later than October 1, 2005.

SEC. 6. Item 6110-243-0001 of Section 2.00 of Chapter 38 of the Statutes of 2005 is amended to read:

6110-243-0001—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 for the unscheduled Pupil Retention Block Grant pursuant to Article 2 of Chapter 3.2 (commencing with Section 41505) of the Education Code..... 173,257,000

Provisions:

1. Of the funds appropriated in this item, $1,139,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 0.69 percent.

Additionally, $7,031,000 is for the purpose of providing a cost-of-living adjustment at a rate of 4.23 percent.

2. Notwithstanding any other provision of law, an additional $26,726,000 in expenditures for this item has been deferred until the 2006–07 fiscal year.

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

In order to make the necessary statutory changes to implement the Budget Act of 2005 at the earliest time possible, it is necessary that this act take effect immediately.

CHAPTER 235

An act to amend Sections 49430, 49431, 49433.9, and 49434 of, and to add Section 49431.2 to, the Education Code, relating to pupils.

[Approved by Governor September 15, 2005. Filed with Secretary of State September 15, 2005.]

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 State of California has the second highest rate of overweight and low-income children in the nation.

(b) The growing epidemic of overweight children is due to poor diet and physical inactivity, putting growing numbers of California children at risk for type 2 diabetes, hypertension, heart disease, and cancer, along with psychological problems, including low self-esteem, poor body image, and symptoms of depression.

(c) Physical inactivity and nutrition-related diseases are the second leading cause of preventable death in the United States. These diseases account for 28 percent of preventable deaths each year, which is more than AIDS, violence, car crashes, alcohol, and drugs combined.

(d) In 2001, 26.5 percent of California pupils in grades 5, 7, and 9 were overweight, with rates being even higher for African-American children (28.6 percent) and Latino children (33.7 percent). In some legislative districts, more than 35 percent of pupils are overweight.

Nationally, the prevalence of overweight children and adolescents has increased nearly fourfold in the last 40 years.

(e) Obesity costs California an estimated $21.7 billion a year in medical costs and lost productivity. Medical care costs associated with obesity are greater than those associated with both smoking and problem drinking.

(f) Diabetes has also reached epidemic levels primarily as a result of the growing obesity epidemic. Type 2 diabetes, which until recently affected only adults, now affects a growing number of children, accounting for almost 50 percent of new diabetes cases among children in some U.S. communities.

(g) Healthy eating plays an important role in learning and cognitive development. Children who do not get adequate nutrients have lower academic test scores.

(h) Because children spend approximately one-third of their day at school, schools play an important role in children's ability to acquire adequate nutrients.

(i) A recent study found that severely overweight pupils miss nine days of school per year. The same study estimated that average size school districts in California may lose as much as one hundred sixty thousand dollars ($160,000) per year, and very large districts may lose as much as $15 million per year as a result of reduced average daily attendance resulting from childhood obesity-related absences.

(j) Health and education leaders agree that one of the most critical steps to helping children practice healthy eating habits is to establish policies and programs that increase access to healthy foods and beverages.

(k) While the United States Department of Agriculture (USDA) regulates the nutrient content of meals sold under its reimbursable meal programs, similar standards do not exist for "competitive foods" that are sold outside the USDA meal programs. Competitive foods are often very high in added sugar, sodium, and fat.

(*l*) In a 2003 survey, 94 percent of responding California school districts with a high school reported that they sell competitive foods. The most common fast food items were chips, pizza, cookies, and soda.

(m) Only 2 percent of California youth 12 through 17 years of age consume foods that meet national dietary recommendations. Approximately 70 percent of U.S. children age 2 through 11 years consume foods that exceeded current dietary recommendations for intakes of total and saturated fat. Only 21 percent of California children meet the goal of eating five servings of fruits and vegetables per day.

(n) Soft drinks comprise the leading source of added sugar in a child's diet. Each additional daily serving of sugar-sweetened soda increases a

child's risk for obesity by 60 percent. Twenty years ago, boys consumed more than twice as much milk as soft drinks, and girls consumed 50 percent more milk than soft drinks. By 1966, both boys and girls consumed twice as many soft drinks as milk.

(o) Teenage boys consume twice the recommended amount of sugar each day, almost one-half of which comes from soft drinks. Teenage girls consume almost three times the recommended amount of sugar, 40 percent of which comes from soft drinks.

(p) In October 2004, the USDA announced the "Healthier US Challenge" to encourage schools and parents to continue promoting healthy lifestyles for children. Schools can participate in the challenge by meeting nutritional standards that are based on California standards. The challenge is available to elementary schools during the first year and middle and high schools will be invited to participate during the second year.

SEC. 2. Section 49430 of the Education Code is amended to read:

49430. As used in this article, the following terms have the following meanings:

(a) "Elementary school" means a public school that maintains any grade from kindergarten to grade 6, inclusive, but no grade higher than grade 6.

(b) "Middle school" means any public school that maintains grade 7 or 8, 7 to 9, inclusive, or 7 to 10, inclusive.

(c) "High school" means any public school maintaining any of grades 10 to 12, inclusive.

(d) "Full meal" means any combination of food items that meet USDA-approved School Breakfast Program or National School Lunch Program meal pattern requirements.

(e) "Added sweetener" means any additive other than 100 percent fruit juice that enhances the sweetness of a beverage.

(f) "Sold" means the exchange of food for money, coupons, or vouchers.

(g) "Entrée" means a food that is generally regarded as being the primary food in a meal, and shall include, but not be limited to, sandwiches, burritos, pasta, and pizza.

(h) "Snack" means a food that is generally regarded as supplementing a meal, including, but not limited to, chips, crackers, onion rings, nachos, French fries, donuts, cookies, pastries, cinnamon rolls, and candy.

SEC. 3. Section 49431 of the Education Code is amended to read:

49431. (a) (1) Commencing July 1, 2007, at each elementary school, the only food that may be sold to a pupil during the school day are full meals and individually sold portions of nuts, nut butters, seeds, eggs,

cheese packaged for individual sale, fruit, vegetables that have not been deep fried, and legumes.

(2) An individually sold dairy or whole grain food item may be sold to pupils at an elementary school, except food sold as part of a USDA meal program, if it meets all of the following standards:

(A) Not more than 35 percent of its total calories shall be from fat.

(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, including naturally occurring and added sugar.

(D) Not more than 175 calories per individual food item.

(b) An elementary school may permit the sale of food items that do not comply with subdivision (a) 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 and away from 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.

(c) It is the intent of the Legislature that the governing board of a school district annually review its compliance with the nutrition standards described in this section and Section 49431.5.

SEC. 4. Section 49431.2 is added to the Education Code, to read:

49431.2. (a) Commencing July 1, 2007, snacks sold to a pupil in middle, junior, or high school, except food served as part of a USDA meal program, shall meet all of the following standards:

(1) Not more than 35 percent of its total calories shall be from fat. This paragraph does not apply to the sale of nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruits, vegetables that have not been deep fried, or legumes.

(2) Not more than 10 percent of its total calories shall be from saturated fat. This subparagraph does not apply to eggs or cheese packaged for individual sale.

(3) Not more than 35 percent of its total weight shall be composed of sugar, including naturally occurring and added sugars. This paragraph does not apply to the sale of fruits or vegetables that have not been deep fried.

(4) No more than 250 calories per individual food item.

(b) Commencing July 1, 2007, entrée items sold to a pupil in middle, junior, or high school, except food served as part of a USDA meal program, shall contain no more than 400 calories per entrée, shall contain no more than 4 grams of fat per 100 calories contained in each entrée,

and shall be categorized as entrée items in the School Breakfast Program or National School Lunch Program.

(c) A middle, junior, or high school may permit the sale of food items that do not comply with subdivision (a) or (b) in any of the following circumstances:

(1) The sale of those items takes place off of and away from school premises.

(2) The sale of those items takes place on school premises at least one-half hour after the end of the schoolday.

(3) The sale of those items occurs during a school-sponsored pupil activity after the end of the schoolday.

(d) It is the intent of the Legislature that the governing board of a school district annually review its compliance with the nutrition standards described in this section.

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 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 that does not exceed 20 ounces per serving.

(4) For the purposes of this subdivision, "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), inclusive, of paragraph (2) of subdivision (a) 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 may monitor school districts of the statefor compliance with this article as set forth in subdivision (b).

(b) Each school district monitored pursuant to subdivision (a) shall report to the Superintendent in the coordinated review effort regarding the extent to which it has complied with this article.

(c) A school district that the Superintendent findsto be noncompliant with the mandatory provisions of this article shall adopt, and provide to the Superintendent of , a corrective action plan that sets forth the actions to be taken by the school district to ensure that the school district will be in full compliance, within a time agreed upon between the Superintendent and the school district that does not exceed one year.

CHAPTER 236

An act to add Article 11.5 (commencing with Section 49565) to Chapter 9 of Part 27 of the Education Code, relating to pupil nutrition, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 15, 2005. Filed with Secretary of State September 15, 2005.]

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

SECTION 1. Article 11.5 (commencing with Section 49565) is added to Chapter 9 of Part 27 of the Education Code, to read:

Article 11.5. The California Fresh Start Pilot Program

49565. (a) There is hereby established within the department the California Fresh Start Pilot Program to provide fresh fruits and vegetable for public school pupils. This program shall be administered by the department, in consultation with the Department of Food and Agriculture and the State Department of Health Services.

(b) The program is intended to encourage public schools maintaining kindergarten or any of grades 1 to 12, inclusive, to provide fruits and vegetables that have not been deep fried to pupils in order to supplement other fruits and vegetables that have not been deep fried and that are available to those pupils, and in order to promote the consumption of fresh fruits and vegetables by schoolage children.

(c) Fruits and vegetables that have not been deep fried that are provided pursuant to this article shall be provided free of charge to a pupil, where appropriate.

(d) Fruits and vegetables that have not been deep fried that are provided pursuant to this article shall be provided during the schoolday, but not during regularly scheduled lunch periods.

(e) In making procurement decisions pursuant to this article, a school district or a charter school shall give priority to the purchase of fresh fruits and vegetables from California producers, when commercially available.

49565.1. (a) School districts and charter schools may apply for funding, appropriated for purposes of this article in the annual Budget Act or in another statute, for reimbursement of ten cents ($0.10) per meal, to be paid in quarterly installments by the department, to supplement, but not to supplant, a school breakfast program under Section 49550.3 or under the federal School Breakfast Program. These funds shall be deposited into the nonprofit food service account of the school district or charter school.

(b) The funds described in subdivision (a) shall be available to school districts and charter schools that meet all of the following criteria:

(1) Provide one to two servings of nutritious fruits or vegetables, or both, at breakfast, and give priority to serving fresh fruits and vegetables.

(2) Spend at least 90 percent of the funding for the direct purchase of nutritious fruits and vegetables.

(3) Do not spend any of the funding for the purchase of juice.

(4) Provide data as required by the independent evaluator pursuant to subdivision (b) of Section 49565.7.

49565.2. (a) The funds described in subdivision (a) of Section 49565.1 may be combined with other funding sources to ensure that at

least one serving per day of nutritious fruits or vegetables, or both, is provided pursuant to the pilot program.

49565.3. Sites that already offer two servings of nutritious fruits or vegetables for breakfast may be reimbursed at ten cents ($0.10) per meal for providing nutritious fruits or vegetables for after school snacks.

49565.4. (a) School districts and charter schools that do not operate school breakfast programs are encouraged to apply for funding to establish breakfast programs using funds appropriated for this purpose in the annual Budget Act.

49565.5. Specific strategies for the provision of one to two servings of nutritious fruits or vegetables, or both, may include, but not be limited to, one or more of the following:

(a) Fruit bars located at the school cafeteria with a minimum of three choices of fruits or vegetables, or both.

(b) Grab-and-go breakfasts with one to two servings of fruits or vegetables, or both, to be eaten on the school campus.

(c) Universal classroom breakfast that includes one to two servings of fruits or vegetables, or both.

49565.6. As a condition of receipt of funds, schoolsites participating in this program shall include tasting and sampling of nutritious fruits and vegetables as part of nutrition education. Strategies for nutrition education that include tasting and sampling of nutritious fruits or vegetables, or both, may include, but not be limited to:

(a) Educational sampling and tasting supported with nutrition education.

(b) An offering of fruits or vegetables in the classroom that is reinforced with nutrition and agricultural bulletins.

(c) A monthly school campus farmers' market that allows opportunities for school clubs, organizations, boosters, sports teams, and other groups to organize a farmers' market that highlights California produce for the student body to sample and taste.

(d) A produce sampling program that supports a school garden's harvest through additional purchases of local, in-season fruits or vegetables to be used for a sampling and tasting program for the school campus featuring what is growing in the school garden.

49565.7. Of the funds appropriated for this purpose in Schedule (9) of Item 6110-485 of Section 2.00 of the Budget Act of 2005 (Ch. 38, Stats. 2005), as amended by Chapter 39 of the Statutes of 2005, four hundred thousand dollars ($400,000) shall be available for the State Department of Education to provide grants to a county office of education or a community college selected on a competitive basis, to be allocated as follows:

(a) Not more than one hundred thousand dollars ($100,000) to develop an online professional development seminar for schoolsite staff on serving, including safe handling guidelines, marketing, and promoting nutritious fruits and vegetables.

(b) Not more than three hundred thousand dollars ($300,000) to contract with an independent evaluator to conduct a comprehensive evaluation, including a determination of the need for educational materials for pupils and staff professional development programs on the safe handling, serving, and marketing of nutritious fruits and vegetables as part of the California Fresh Start Pilot Program.

49565.8. The department, in consultation with the Department of Food and Agriculture, the State Department of Health Services, and the State Board of Education, shall do both of the following:

(a) Develop emergency regulations, as it deems necessary, to implement the program established pursuant to this article.

(b) Establish guidelines for the evaluation of the program developed pursuant to this article.

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 make the necessary statutory changes to implement the Budget Act of 2005 at the earliest time possible, it is necessary that this act take effect immediately.

CHAPTER 237

An act to amend Section 49431.5 of the Education Code, relating to pupils.

[Approved by Governor September 15, 2005. Filed with Secretary of State September 15, 2005.]

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

SECTION 1. Section 49431.5 of the Education Code is amended to read:

49431.5. (a) (1) Regardless of the time of day, only the following beverages may be sold to a pupil at an elementary school:

(A) Fruit-based drinks that are composed of no less than 50 percent fruit juice and have no added sweetener.

(B) Vegetable-based drinks that are composed of no less than 50 percent vegetable juice and have no added sweetener.

(C) Drinking water with no added sweetener.

(D) Two-percent-fat milk, one-percent-fat milk, nonfat milk, soy milk, rice milk, and other similar nondairy milk.

(2) An elementary school may permit the sale of beverages that do not comply with paragraph (1) as part of a school fundraising event in any of the following circumstances:

(A) The items are sold by pupils of the school and the sale of those items takes place off and away from the premises of the school.

(B) The items are sold by pupils of the school and the sale of those items takes place one-half hour or more after the end of the schoolday.

(3) From one-half hour before the start of the schoolday to one-half hour after the end of the schoolday, only the following beverages may be sold to a pupil at a middle or junior high school:

(A) Fruit-based drinks that are composed of no less than 50 percent fruit juice and have no added sweetener.

(B) Vegetable-based drinks that are composed of no less than 50 percent vegetable juice and have no added sweetener.

(C) Drinking water with no added sweetener.

(D) Two-percent-fat milk, one-percent-fat milk, nonfat milk, soy milk, rice milk, and other similar nondairy milk.

(E) An electrolyte replacement beverage that contains no more than 42 grams of added sweetener per 20-ounce serving.

(4) A middle or junior high school may permit the sale of beverages that do not comply with paragraph (3) as part of a school event if the sale of those items meets all of the following criteria:

(A) The sale occurs during a school-sponsored event and takes place at the location of that event at least one-half hour after the end of the schoolday.

(B) Vending machines, pupil stores, and cafeterias are used later than one-half hour after the end of the schoolday.

(5) This subdivision does not prohibit an elementary, or middle or junior high school from making available through a vending machine any beverage allowed under paragraph (1) or (3) at any time of day, or, in middle and junior high schools, any beverage that does not comply with paragraph (3) if the beverage only is available not later than one-half hour before the start of the schoolday and not sooner than one-half hour after the end of the schoolday.

(b) (1) Commencing July 1, 2007, no less than 50 percent of all beverages sold to a pupil from one-half hour before the start of the schoolday until one-half hour after the end of the schoolday shall be those enumerated by paragraph (3).

(2) Commencing July 1, 2009, all beverages sold to a pupil from one-half hour before the start of the schoolday until one-half hour after the end of the schoolday shall be those enumerated by paragraph (3).

(3) Beverages allowed under this subdivision are all of the following:

(A) Fruit-based drinks that are composed of no less than 50 percent fruit juice and have no added sweetener.

(B) Vegetable-based drinks that are composed of no less than 50 percent vegetable juice and have no added sweetener.

(C) Drinking water with no added sweetener.

(D) Two-percent-fat milk, one-percent-fat milk, nonfat milk, soy milk, rice milk, and other similar nondairy milk.

(E) An electrolyte replacement beverage that contains no more than 42 grams of added sweetener per 20-ounce serving.

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

(1) "Added sweetener" means any additive that enhances the sweetness of the beverage, including 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.

(2) "Sale of beverages" means the exchange of a beverage for money, coupons, or vouchers.

(d) It is the intent of the Legislature that the governing board of a school district annually review its compliance with this section.

(e) Notwithstanding Article 3 (commencing with Section 33050) of Chapter 1 of Part 20, compliance with this section may not be waived.

CHAPTER 238

An act to amend Sections 1202.4 and 1202.41 of the Penal Code, to amend Section 9202 of, and to add Section 216 to, the Probate Code, and to amend Section 730.6 of the Welfare and Institutions Code, relating to restitution.

[Approved by Governor September 21, 2005. Filed with Secretary of State September 21, 2005.]

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

SECTION 1. Section 1202.4 of the Penal Code is amended to read:

1202.4. (a) (1) It is the intent of the Legislature that a victim of crime who incurs any economic loss as a result of the commission of a

crime shall receive restitution directly from any defendant convicted of that crime.

(2) Upon a person being convicted of any crime in the State of California, the court shall order the defendant to pay a fine in the form of a penalty assessment in accordance with Section 1464.

(3) The court, in addition to any other penalty provided or imposed under the law, shall order the defendant to pay both of the following:

(A) A restitution fine in accordance with subdivision (b).

(B) Restitution to the victim or victims, if any, in accordance with subdivision (f), which shall be enforceable as if the order were a civil judgment.

(b) In every case where a person is convicted of a crime, the court shall impose a separate and additional restitution fine, unless it finds compelling and extraordinary reasons for not doing so, and states those reasons on the record.

(1) The restitution fine shall be set at the discretion of the court and commensurate with the seriousness of the offense, but shall not be less than two hundred dollars ($200), and not more than ten thousand dollars ($10,000), if the person is convicted of a felony, and shall not be less than one hundred dollars ($100), and not more than one thousand dollars ($1,000), if the person is convicted of a misdemeanor.

(2) In setting a felony restitution fine, the court may determine the amount of the fine as the product of two hundred dollars ($200) multiplied by the number of years of imprisonment the defendant is ordered to serve, multiplied by the number of felony counts of which the defendant is convicted.

(c) The court shall impose the restitution fine unless it finds compelling and extraordinary reasons for not doing so, and states those reasons on the record. A defendant's inability to pay shall not be considered a compelling and extraordinary reason not to impose a restitution fine. Inability to pay may be considered only in increasing the amount of the restitution fine in excess of the two-hundred-dollar ($200) or one-hundred-dollar ($100) minimum. The court may specify that funds confiscated at the time of the defendant's arrest, except for funds confiscated pursuant to Section 11469 of the Health and Safety Code, be applied to the restitution fine if the funds are not exempt for spousal or child support or subject to any other legal exemption.

(d) In setting the amount of the fine pursuant to subdivision (b) in excess of the two-hundred-dollar ($200) or one-hundred-dollar ($100) minimum, the court shall consider any relevant factors including, but not limited to, the defendant's inability to pay, the seriousness and gravity of the offense and the circumstances of its commission, any economic gain derived by the defendant as a result of the crime, the extent to which

any other person suffered any losses as a result of the crime, and the number of victims involved in the crime. Those losses may include pecuniary losses to the victim or his or her dependents as well as intangible losses, such as psychological harm caused by the crime. Consideration of a defendant's inability to pay may include his or her future earning capacity. A defendant shall bear the burden of demonstrating his or her inability to pay. Express findings by the court as to the factors bearing on the amount of the fine shall not be required. A separate hearing for the fine shall not be required.

(e) The restitution fine shall not be subject to penalty assessments as provided in Section 1464, and shall be deposited in the Restitution Fund in the State Treasury.

(f) In every case in which a victim has suffered economic loss as a result of the defendant's conduct, the court shall require that the defendant make restitution to the victim or victims in an amount established by court order, based on the amount of loss claimed by the victim or victims or any other showing to the court. If the amount of loss cannot be ascertained at the time of sentencing, the restitution order shall include a provision that the amount shall be determined at the direction of the court. The court shall order full restitution unless it finds compelling and extraordinary reasons for not doing so, and states them on the record. The court may specify that funds confiscated at the time of the defendant's arrest, except for funds confiscated pursuant to Section 11469 of the Health and Safety Code, be applied to the restitution order if the funds are not exempt for spousal or child support or subject to any other legal exemption.

(1) The defendant has the right to a hearing before a judge to dispute the determination of the amount of restitution. The court may modify the amount, on its own motion or on the motion of the district attorney, the victim or victims, or the defendant. If a motion is made for modification of a restitution order, the victim shall be notified of that motion at least 10 days prior to the proceeding held to decide the motion.

(2) Determination of the amount of restitution ordered pursuant to this subdivision shall not be affected by the indemnification or subrogation rights of any third party. Restitution ordered pursuant to this subdivision shall be ordered to be deposited to the Restitution Fund to the extent that the victim, as defined in subdivision (k), has received assistance from the Victim Compensation Program pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code.

(3) To the extent possible, the restitution order shall be prepared by the sentencing court, shall identify each victim and each loss to which it pertains, and shall be of a dollar amount that is sufficient to fully

reimburse the victim or victims for every determined economic loss incurred as the result of the defendant's criminal conduct, including, but not limited to, all of the following:

(A) Full or partial payment for the value of stolen or damaged property. The value of stolen or damaged property shall be the replacement cost of like property, or the actual cost of repairing the property when repair is possible.

(B) Medical expenses.

(C) Mental health counseling expenses.

(D) Wages or profits lost due to injury incurred by the victim, and if the victim is a minor, wages or profits lost by the minor's parent, parents, guardian, or guardians, while caring for the injured minor. Lost wages shall include any commission income as well as any base wages. Commission income shall be established by evidence of commission income during the 12-month period prior to the date of the crime for which restitution is being ordered, unless good cause for a shorter time period is shown.

(E) Wages or profits lost by the victim, and if the victim is a minor, wages or profits lost by the minor's parent, parents, guardian, or guardians, due to time spent as a witness or in assisting the police or prosecution. Lost wages shall include any commission income as well as any base wages. Commission income shall be established by evidence of commission income during the 12-month period prior to the date of the crime for which restitution is being ordered, unless good cause for a shorter time period is shown.

(F) Noneconomic losses, including, but not limited to, psychological harm, for felony violations of Section 288.

(G) Interest, at the rate of 10 percent per annum, that accrues as of the date of sentencing or loss, as determined by the court.

(H) Actual and reasonable attorney's fees and other costs of collection accrued by a private entity on behalf of the victim.

(I) Expenses incurred by an adult victim in relocating away from the defendant, including, but not limited to, deposits for utilities and telephone service, deposits for rental housing, temporary lodging and food expenses, clothing, and personal items. Expenses incurred pursuant to this section shall be verified by law enforcement to be necessary for the personal safety of the victim or by a mental health treatment provider to be necessary for the emotional well-being of the victim.

(J) Expenses to install or increase residential security incurred related to a crime, as defined in subdivision (c) of Section 667.5, including, but not limited to, a home security device or system, or replacing or increasing the number of locks.

(K) Expenses to retrofit a residence or vehicle, or both, to make the residence accessible to or the vehicle operational by the victim, if the victim is permanently disabled, whether the disability is partial or total, as a direct result of the crime.

(4) (A) If, as a result of the defendant's conduct, the Restitution Fund has provided assistance to or on behalf of a victim or derivative victim pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code, the amount of assistance provided shall be presumed to be a direct result of the defendant's criminal conduct and shall be included in the amount of the restitution ordered.

(B) The amount of assistance provided by the Restitution Fund shall be established by copies of bills submitted to the California Victim Compensation and Government Claims Board reflecting the amount paid by the board and whether the services for which payment was made were for medical or dental expenses, funeral or burial expenses, mental health counseling, wage or support losses, or rehabilitation. Certified copies of these bills provided by the board and redacted to protect the privacy and safety of the victim or any legal privilege, together with a statement made under penalty of perjury by the custodian of records that those bills were submitted to and were paid by the board, shall be sufficient to meet this requirement.

(C) If the defendant offers evidence to rebut the presumption established by this paragraph, the court may release additional information contained in the records of the board to the defendant only after reviewing that information in camera and finding that the information is necessary for the defendant to dispute the amount of the restitution order.

(5) Except as provided in paragraph (6), in any case in which an order may be entered pursuant to this subdivision, the defendant shall prepare and file a disclosure identifying all assets, income, and liabilities in which the defendant held or controlled a present or future interest as of the date of the defendant's arrest for the crime for which restitution may be ordered. The financial disclosure statements shall be made available to the victim and the board pursuant to Section 1214. The disclosure shall be signed by the defendant upon a form approved or adopted by the Judicial Council for the purpose of facilitating the disclosure. Any defendant who willfully states as true any material matter that he or she knows to be false on the disclosure required by this subdivision is guilty of a misdemeanor, unless this conduct is punishable as perjury or another provision of law provides for a greater penalty.

(6) A defendant who fails to file the financial disclosure required in paragraph (5), but who has filed a financial affidavit or financial

information pursuant to subdivision (c) of Section 987, shall be deemed to have waived the confidentiality of that affidavit or financial information as to a victim in whose favor the order of restitution is entered pursuant to subdivision (f). The affidavit or information shall serve in lieu of the financial disclosure required in paragraph (5), and paragraphs (7) to (10), inclusive, shall not apply.

(7) Except as provided in paragraph (6), the defendant shall file the disclosure with the clerk of the court no later than the date set for the defendant's sentencing, unless otherwise directed by the court. The disclosure may be inspected or copied as provided by subdivision (b), (c), or (d) of Section 1203.05.

(8) In its discretion, the court may relieve the defendant of the duty under paragraph (7) of filing with the clerk by requiring that the defendant's disclosure be submitted as an attachment to, and be available to, those authorized to receive the following:

(A) Any report submitted pursuant to subparagraph (C) of paragraph (2) of subdivision (b) of Section 1203 or subdivision (g) of Section 1203.

(B) Any stipulation submitted pursuant to paragraph (4) of subdivision (b) of Section 1203.

(C) Any report by the probation officer, or any information submitted by the defendant applying for a conditional sentence pursuant to subdivision (d) of Section 1203.

(9) The court may consider a defendant's unreasonable failure to make a complete disclosure pursuant to paragraph (5) as any of the following:

(A) A circumstance in aggravation of the crime in imposing a term under subdivision (b) of Section 1170.

(B) A factor indicating that the interests of justice would not be served by admitting the defendant to probation under Section 1203.

(C) A factor indicating that the interests of justice would not be served by conditionally sentencing the defendant under Section 1203.

(D) A factor indicating that the interests of justice would not be served by imposing less than the maximum fine and sentence fixed by law for the case.

(10) A defendant's failure or refusal to make the required disclosure pursuant to paragraph (5) shall not delay entry of an order of restitution or pronouncement of sentence. In appropriate cases, the court may do any of the following:

(A) Require the defendant to be examined by the district attorney pursuant to subdivision (h).

(B) If sentencing the defendant under Section 1170, provide that the victim shall receive a copy of the portion of the probation report filed

pursuant to Section 1203.10 concerning the defendant's employment, occupation, finances, and liabilities.

(C) If sentencing the defendant under Section 1203, set a date and place for submission of the disclosure required by paragraph (5) as a condition of probation or suspended sentence.

(11) If a defendant has any remaining unpaid balance on a restitution order or fine 120 days prior to his or her scheduled release from probation or 120 days prior to his or her completion of a conditional sentence, the defendant shall prepare and file a new and updated financial disclosure identifying all assets, income, and liabilities in which the defendant holds or controls or has held or controlled a present or future interest during the defendant's period of probation or conditional sentence. The financial disclosure shall be made available to the victim and the board pursuant to Section 1214. The disclosure shall be signed and prepared by the defendant on the same form as described in paragraph (5). Any defendant who willfully states as true any material matter that he or she knows to be false on the disclosure required by this subdivision is guilty of a misdemeanor, unless this conduct is punishable as perjury or another provision of law provides for a greater penalty. The financial disclosure required by this paragraph shall be filed with the clerk of the court no later than 90 days prior to the defendant's scheduled release from probation or completion of the defendant's conditional sentence.

(g) The court shall order full restitution unless it finds compelling and extraordinary reasons for not doing so, and states those reasons on the record. A defendant's inability to pay shall not be considered a compelling and extraordinary reason not to impose a restitution order, nor shall inability to pay be a consideration in determining the amount of a restitution order.

(h) The district attorney may request an order of examination pursuant to the procedures specified in Article 2 (commencing with Section 708.110) of Chapter 6 of Division 2 of Title 9 of Part 2 of the Code of Civil Procedure, in order to determine the defendant's financial assets for purposes of collecting on the restitution order.

(i) A restitution order imposed pursuant to subdivision (f) shall be enforceable as if the order were a civil judgment.

(j) The making of a restitution order pursuant to subdivision (f) shall not affect the right of a victim to recovery from the Restitution Fund as otherwise provided by law, except to the extent that restitution is actually collected pursuant to the order. Restitution collected pursuant to this subdivision shall be credited to any other judgments for the same losses obtained against the defendant arising out of the crime for which the defendant was convicted.

(k) For purposes of this section, "victim" shall include all of the following:

(1) The immediate surviving family of the actual victim.

(2) Any corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity when that entity is a direct victim of a crime.

(3) Any person who has sustained economic loss as the result of a crime and who satisfies any of the following conditions:

(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) At the time of the crime was a person who had previously lived in the household of the victim for a period of not less than two years in a relationship substantially similar to a relationship listed in subparagraph (A).

(D) Is another family member of the victim, including, but not limited to, the victim's fiancé or fiancée, and who witnessed the crime.

(E) Is the primary caretaker of a minor victim.

(4) Any person who is eligible to receive assistance from the Restitution Fund pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code.

(*l*) At its discretion, the board of supervisors of any county may impose a fee to cover the actual administrative cost of collecting the restitution fine, not to exceed 10 percent of the amount ordered to be paid, to be added to the restitution fine and included in the order of the court, the proceeds of which shall be deposited in the general fund of the county.

(m) In every case in which the defendant is granted probation, the court shall make the payment of restitution fines and orders imposed pursuant to this section a condition of probation. Any portion of a restitution order that remains unsatisfied after a defendant is no longer on probation shall continue to be enforceable by a victim pursuant to Section 1214 until the obligation is satisfied.

(n) If the court finds and states on the record compelling and extraordinary reasons why a restitution fine or full restitution order should not be required, the court shall order, as a condition of probation, that the defendant perform specified community service, unless it finds and states on the record compelling and extraordinary reasons not to require community service in addition to the finding that restitution should not be required. Upon revocation of probation, the court shall impose restitution pursuant to this section.

(o) The provisions of Section 13963 of the Government Code shall apply to restitution imposed pursuant to this section.

(p) The court clerk shall notify the California Victim Compensation and Government Claims Board within 90 days of an order of restitution being imposed if the defendant is ordered to pay restitution to the board due to the victim receiving compensation from the Restitution Fund. Notification shall be accomplished by mailing a copy of the court order to the board, which may be done periodically by bulk mail or electronic mail.

SEC. 2. Section 1202.41 of the Penal Code is amended to read:

1202.41. (a) (1) Notwithstanding Section 977 or any other law, if a defendant is currently incarcerated in a state prison with two-way audiovideo communication capability, the Department of Corrections, at the request of the California Victim Compensation and Government Claims Board, may collaborate with a court in any county to arrange for a hearing to impose or amend a restitution order, if the victim has received assistance pursuant to Article 5 (commencing with Section 13959) of Chapter 5 of Part 4 of Division 3 of Title 2 of the Government Code, to be conducted by two-way electronic audiovideo communication between the defendant and the courtroom in lieu of the defendant's physical presence in the courtroom, provided the county has agreed to make the necessary equipment available.

(2) Nothing in this subdivision shall be interpreted to eliminate the authority of the court to issue an order requiring the defendant to be physically present in the courtroom in those cases where the court finds circumstances that require the physical presence of the defendant in the courtroom.

(3) In lieu of the physical presence of the defendant's counsel at the institution with the defendant, the court and the Department of Corrections shall establish a confidential telephone and facsimile transmission line between the court and the institution for communication between the defendant's counsel in court and the defendant at the institution. In this case, counsel for the defendant shall not be required to be physically present at the institution during the hearing via electronic audiovideo communication. Nothing in this subdivision shall be construed to prohibit the physical presence of the defense counsel with the defendant at the state prison.

(b) If an inmate who is not incarcerated in a state prison with two-way audiovideo communication capability or ward does not waive his or her right to attend a restitution hearing for the amendment of a restitution order, the California Victim Compensation and Government Claims Board shall determine if the cost of holding the hearing is justified. If the board determines that the cost of holding the hearing is not justified,

the amendment of the restitution order affecting that inmate or ward shall not be pursued at that time.

(c) Nothing in this section shall be construed to prohibit an individual or district attorney's office from independently pursuing the imposition or amendment of a restitution order that may result in a hearing, regardless of whether the victim has received assistance pursuant to Article 1 (commencing with Section 13959) of Chapter 5 of Part 4 of Division 3 of Title 2 of the Government Code.

SEC. 3. Section 216 is added to the Probate Code, to read:

216. When a deceased person has an heir who is confined in a prison or facility under the jurisdiction of the Department of Corrections or the Department of the Youth Authority or confined in any county or city jail, road camp, industrial farm, or other local correctional facility, the estate attorney, or if there is no estate attorney, the beneficiary, the personal representative, or the person in possession of property of the decedent shall give the Director of the California Victim Compensation and Government Claims Board notice of the decedent's death and the name and location of the decedent's heir not later than 90 days after the date of death. The notice shall include a copy of the decedent's death certificate. The notice shall be given as provided in Section 1215.

SEC. 4. Section 9202 of the Probate Code is amended to read:

9202. (a) Not later than 90 days after the date letters are first issued to a general personal representative, the general personal representative or estate attorney shall give the Director of Health Services notice of the decedent's death in the manner provided in Section 215 if the general personal representative knows or has reason to believe that the decedent received health care under Chapter 7 (commencing with Section 14000) or Chapter 8 (commencing with Section 14200) of Part 3 of Division 9 of the Welfare and Institutions Code, or was the surviving spouse of a person who received that health care. The director has four months after notice is given in which to file a claim.

(b) Not later than 90 days after the date letters are first issued to a general personal representative, the general personal representative or estate attorney shall give the Director of the California Victim Compensation and Government Claims Board notice of the decedent's death in the manner provided in Section 216 if the general personal representative or estate attorney knows or has reason to believe that an heir is confined in a prison or facility under the jurisdiction of the Department of Corrections or the Department of the Youth Authority or confined in any county or city jail, road camp, industrial farm, or other local correctional facility. The director of the board shall have four months after that notice is received in which to pursue collection of any outstanding restitution fines or orders.

SEC. 5. Section 730.6 of the Welfare and Institutions Code is amended to read:

730.6. (a) (1) It is the intent of the Legislature that a victim of conduct for which a minor is found to be a person described in Section 602 who incurs any economic loss as a result of the minor's conduct shall receive restitution directly from that minor.

(2) Upon a minor being found to be a person described in Section 602, the court shall consider levying a fine in accordance with Section 730.5. In addition, the court shall order the minor to pay, in addition to any other penalty provided or imposed under the law, both of the following:

(A) A restitution fine in accordance with subdivision (b).

(B) Restitution to the victim or victims, if any, in accordance with subdivision (h).

(b) In every case where a minor is found to be a person described in Section 602, the court shall impose a separate and additional restitution fine. The restitution fine shall be set at the discretion of the court and commensurate with the seriousness of the offense as follows:

(1) If the minor is found to be a person described in Section 602 by reason of the commission of one or more felony offenses, the restitution fine shall not be less than one hundred dollars ($100) and not more than one thousand dollars ($1,000). A separate hearing for the fine shall not be required.

(2) If the minor is found to be a person described in Section 602 by reason of the commission of one or more misdemeanor offenses, the restitution fine shall not exceed one hundred dollars ($100). A separate hearing for the fine shall not be required.

(c) The restitution fine shall be in addition to any other disposition or fine imposed and shall be imposed regardless of the minor's inability to pay. This fine shall be deposited in the Restitution Fund, the proceeds of which shall be distributed pursuant to Section 13967 of the Government Code.

(d) (1) In setting the amount of the fine pursuant to subparagraph (A) of paragraph (2) of subdivision (a), the court shall consider any relevant factors including, but not limited to, the minor's ability to pay, the seriousness and gravity of the offense and the circumstances of its commission, any economic gain derived by the minor as a result of the offense, and the extent to which others suffered losses as a result of the offense. The losses may include pecuniary losses to the victim or his or her dependents as well as intangible losses such as psychological harm caused by the offense.

(2) The consideration of a minor's ability to pay may include his or her future earning capacity. A minor shall bear the burden of demonstrating a lack of his or her ability to pay.

(e) Express findings of the court as to the factors bearing on the amount of the fine shall not be required.

(f) Except as provided in subdivision (g), under no circumstances shall the court fail to impose the separate and additional restitution fine required by subparagraph (A) of paragraph (2) of subdivision (a). This fine shall not be subject to penalty assessments pursuant to Section 1464 of the Penal Code.

(g) In a case in which the minor is a person described in Section 602 by reason of having committed a felony offense, if the court finds that there are compelling and extraordinary reasons, the court may waive imposition of the restitution fine required by subparagraph (A) of paragraph (2) of subdivision (a). When a waiver is granted, the court shall state on the record all reasons supporting the waiver.

(h) Restitution ordered pursuant to subparagraph (B) of paragraph (2) of subdivision (a) shall be imposed in the amount of the losses, as determined. If the amount of loss cannot be ascertained at the time of sentencing, the restitution order shall include a provision that the amount shall be determined at the direction of the court at any time during the term of the commitment or probation. The court shall order full restitution unless it finds compelling and extraordinary reasons for not doing so, and states them on the record. A minor's inability to pay shall not be considered a compelling or extraordinary reason not to impose a restitution order, nor shall inability to pay be a consideration in determining the amount of the restitution order. A restitution order pursuant to subparagraph (B) of paragraph (2) of subdivision (a), to the extent possible, shall identify each victim, unless the court for good cause finds that the order should not identify a victim or victims, and the amount of each victim's loss to which it pertains, and shall be of a dollar amount sufficient to fully reimburse the victim or victims for all determined economic losses incurred as the result of the minor's conduct for which the minor was found to be a person described in Section 602, including all of the following:

(1) Full or partial payment for the value of stolen or damaged property. The value of stolen or damaged property shall be the replacement cost of like property, or the actual cost of repairing the property when repair is possible.

(2) Medical expenses.

(3) Wages or profits lost due to injury incurred by the victim, and if the victim is a minor, wages or profits lost by the minor's parent, parents, guardian, or guardians, while caring for the injured minor. Lost wages

shall include any commission income as well as any base wages. Commission income shall be established by evidence of commission income during the 12-month period prior to the date of the crime for which restitution is being ordered, unless good cause for a shorter time period is shown.

(4) Wages or profits lost by the victim, and if the victim is a minor, wages or profits lost by the minor's parent, parents, guardian, or guardians, due to time spent as a witness or in assisting the police or prosecution. Lost wages shall include any commission income as well as any base wages. Commission income shall be established by evidence of commission income during the 12-month period prior to the date of the crime for which restitution is being ordered, unless good cause for a shorter time period is shown.

A minor shall have the right to a hearing before a judge to dispute the determination of the amount of restitution. The court may modify the amount on its own motion or on the motion of the district attorney, the victim or victims, or the minor. If a motion is made for modification of a restitution order, the victim shall be notified of that motion at least 10 days prior to the hearing on the motion. When the amount of victim restitution is not known at the time of disposition, the court order shall identify the victim or victims, unless the court finds for good cause that the order should not identify a victim or victims, and state that the amount of restitution for each victim is to be determined. When feasible, the court shall also identify on the court order, any cooffenders who are jointly and severally liable for victim restitution.

(i) A restitution order imposed pursuant to subparagraph (B) of paragraph (2) of subdivision (a) shall identify the losses to which it pertains, and shall be enforceable as a civil judgment pursuant to subdivision (r). The making of a restitution order pursuant to this subdivision shall not affect the right of a victim to recovery from the Restitution Fund in the manner provided elsewhere, except to the extent that restitution is actually collected pursuant to the order. Restitution collected pursuant to this subdivision shall be credited to any other judgments for the same losses obtained against the minor or the minor's parent or guardian arising out of the offense for which the minor was found to be a person described in Section 602. Restitution imposed shall be ordered to be made to the Restitution Fund to the extent that the victim, as defined in subdivision (j), has received assistance from the Victims of Crime Program pursuant to Article 5 (commencing with Section 13959) of Chapter 5 of Part 4 of Division 3 of Title 2 of the Government Code.

(j) For purposes of this section, "victim" shall include the immediate surviving family of the actual victim.

(k) Nothing in this section shall prevent a court from ordering restitution to any corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity when that entity is a direct victim of an offense.

(*l*) Upon a minor being found to be a person described in Section 602, the court shall require as a condition of probation the payment of restitution fines and orders imposed under this section. Any portion of a restitution order that remains unsatisfied after a minor is no longer on probation shall continue to be enforceable by a victim pursuant to subdivision (r) until the obligation is satisfied in full.

(m) Probation shall not be revoked for failure of a person to make restitution pursuant to this section as a condition of probation unless the court determines that the person has willfully failed to pay or failed to make sufficient bona fide efforts to legally acquire the resources to pay.

(n) If the court finds and states on the record compelling and extraordinary reasons why restitution should not be required as provided in paragraph (2) of subdivision (a), the court shall order, as a condition of probation, that the minor perform specified community service.

(o) The court may avoid ordering community service as a condition of probation only if it finds and states on the record compelling and extraordinary reasons not to order community service in addition to the finding that restitution pursuant to paragraph (2) of subdivision (a) should not be required.

(p) When a minor is committed to the Department of the Youth Authority, the court shall order restitution to be paid to the victim or victims, if any. Payment of restitution to the victim or victims pursuant to this subdivision shall take priority in time over payment of any other restitution fine imposed pursuant to this section.

(q) At its discretion, the board of supervisors of any county may impose a fee to cover the actual administrative cost of collecting the restitution fine, not to exceed 10 percent of the amount ordered to be paid, to be added to the restitution fine and included in the order of the court, the proceeds of which shall be deposited in the general fund of the county.

(r) If the judgment is for a restitution fine ordered pursuant to subparagraph (A) of paragraph (2) of subdivision (a), or a restitution order imposed pursuant to subparagraph (B) of paragraph (2) of subdivision (a), the judgment may be enforced in the manner provided in Section 1214 of the Penal Code.

CHAPTER 239

An act to add Section 13519.14 to, and to add and repeal Title 6.7 (commencing with Section 13990) of Part 4 of, the Penal Code, relating to human trafficking.

[Approved by Governor September 21, 2005. Filed with Secretary of State September 21, 2005.]

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

SECTION 1. Title 6.7 (commencing with Section 13990) is added to Part 4 of the Penal Code, to read:

TITLE 6.7. CALIFORNIA ALLIANCE TO COMBAT TRAFFICKING AND SLAVERY (CALIFORNIA ACTS) TASK FORCE

13990. (a) There is hereby established the California Alliance to Combat Trafficking and Slavery (California ACTS) Task Force to do the following, to the extent feasible:

(1) Collect and organize data on the nature and extent of trafficking in persons in California.

(2) Examine collaborative models between government and nongovernmental organizations for protecting victims of trafficking.

(3) Measure and evaluate the progress of the state in preventing trafficking, protecting and providing assistance to victims of trafficking, and prosecuting persons engaged in trafficking.

(4) Identify available federal, state, and local programs that provide services to victims of trafficking that include, but are not limited to, health care, human services, housing, education, legal assistance, job training or preparation, interpreting services, English-as-a-second-language classes, voluntary repatriation and victim's compensation. Assess the need for additional services, including, but not limited to, shelter services for trafficking victims.

(5) Evaluate approaches to increase public awareness of trafficking.

(6) Analyze existing state criminal statutes for their adequacy in addressing trafficking and, if the analysis determines that those statutes are inadequate, recommend revisions to those statutes or the enactment of new statutes that specifically define and address trafficking.

(7) Consult with governmental and nongovernmental organizations in developing recommendations to strengthen state and local efforts to

prevent trafficking, protect and assist victims of trafficking, and prosecute traffickers.

(b) The task force shall be chaired by a designee of the Attorney General. The Department of Justice shall provide staff and support for the task force, to the extent that resources are available.

(c) The members of the task force shall serve at the pleasure of the respective appointing authority. Reimbursement of necessary expenses may be provided at the discretion of the respective appointing authority or agency participating in the task force. The task force shall be comprised of the following representatives or their designees:

(1) The Attorney General.

(2) The Chairperson of the Judicial Council of California.

(3) The Secretary of the Labor and Workforce Development Agency.

(4) The Director of the State Department of Social Services.

(5) The Director of the State Department of Health Services.

(6) One Member of the Senate, appointed by the Senate Rules Committee.

(7) One Member of the Assembly, appointed by the Speaker of the Assembly.

(8) Chairperson of the state Commission on the Status of Women.

(9) One representative from the California District Attorneys Association.

(10) One representative from the California Public Defenders Association.

(11) Two representatives of local law enforcement, one selected by the California State Sheriffs' Association and one selected by the California Police Chiefs' Association.

(12) One representative from the County Welfare Directors' Association.

(13) One representative from the California Coalition Against Sexual Assault, appointed by the Governor.

(14) One representative from the California Partnership to End Domestic Violence, appointed by the Governor.

(15) The Governor shall appoint one university researcher and one mental health professional.

(16) The Speaker of the Assembly shall appoint one representative from an organization that provides services to farmworkers, one representative from an organization that provides services to children, and one representative from an organization that serves victims of human trafficking in southern California.

(17) The Senate Rules Committee shall appoint one representative from an organization that provides legal immigration services to low-income individuals, one representative from an organization that

advocates for immigrant workers' rights, and one representative from an organization that serves victims of trafficking in northern California.

(18) The Governor shall appoint one survivor of human trafficking.

(d) Whenever possible, members of the task force shall have experience providing services to trafficked persons or have knowledge of human trafficking issues.

(e) The task force shall meet at least once every two months. Subcommittees may be formed and meet as necessary. All meetings shall be open to the public. The first meeting of the task force shall be held no later than March 1, 2006.

(f) On or before July 1, 2007, the task force shall report its findings and recommendations to the Governor, the Attorney General, and the Legislature. At the request of any member, the report may include minority findings and recommendations.

(g) For the purposes of this section, "trafficking" means all acts involved in the recruitment, abduction, transport, harboring, transfer, sale or receipt of persons, within national or across international borders, through force, coercion, fraud or deception, to place persons in situations of slavery or slavery-like conditions, forced labor or services, such as forced prostitution or sexual services, domestic servitude, bonded sweatshop labor, or other debt bondage.

(h) This title is repealed as of January 1, 2008, unless a later enacted statute, that becomes operative before January 1, 2008, deletes or extends that date.

SEC. 3. Section 13519.14 is added to the Penal Code, to read:

13519.14. (a) The commission shall implement by January 1, 2007, a course or courses of instruction for the training of law enforcement officers in California in the handling of human trafficking complaints and also shall develop guidelines for law enforcement response to human trafficking. The course or courses of instruction and the guidelines shall stress the dynamics and manifestations of human trafficking, identifying and communicating with victims, providing documentation that satisfy the law enforcement agency endorsement (LEA) required by federal law, collaboration with federal law enforcement officials, therapeutically appropriate investigative techniques, the availability of civil and immigration remedies and community resources, and protection of the victim. Where appropriate, the training presenters shall include human trafficking experts with experience in the delivery of direct services to victims of human trafficking. Completion of the course may be satisfied by telecommunication, video training tape, or other instruction.

(b) As used in this section, "law enforcement officer" means any officer or employee of a local police department or sheriff's office, and

any peace officer of the California Highway Patrol, as defined by subdivision (a) of Section 830.2.

(c) The course of instruction, the learning and performance objectives, the standards for the training, and the guidelines shall be developed by the commission in consultation with appropriate groups and individuals having an interest and expertise in the field of human trafficking.

(d) The commission, in consultation with these groups and individuals, shall review existing training programs to determine in what ways human trafficking training may be included as a part of ongoing programs.

(e) Participation in the course or courses specified in this section by peace officers or the agencies employing them is voluntary.

CHAPTER 240

An act to add Section 52.5 to the Civil Code, to add Article 8.8 (commencing with Section 1038) to Chapter 4 of Division 8 of the Evidence Code, to amend Section 13956 of the Government Code, and to amend Sections 186.2, 273.7, 1202.4, and 14023 of, to add Sections 236.1 and 236.2 to, and to add and repeal Title 6.7 (commencing with Section 13990) to Part 4 of, the Penal Code, relating to human trafficking.

[Approved by Governor September 21, 2005. Filed with Secretary of State September 21, 2005.]

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

SECTION 1. This act shall be known and may be cited as, the California Trafficking Victims Protection Act.

SEC. 2. Section 52.5 is added to the Civil Code, to read:

52.5. (a) A victim of human trafficking, as defined in Section 236.1 of the Penal Code, may bring a civil action for actual damages, compensatory damages, punitive damages, injunctive relief, any combination of those, or any other appropriate relief. A prevailing plaintiff may also be awarded attorney's fees and costs.

(b) In addition to the remedies specified herein, in any action under subdivision (a), the plaintiff may be awarded up to three times his or her actual damages or ten thousand dollars ($10,000), whichever is greater. In addition, punitive damages may also be awarded upon proof of the defendant's malice, oppression, fraud, or duress in committing the act of human trafficking.

(c) An action brought pursuant to this section shall be commenced within five years of the date on which the trafficking victim was freed

from the trafficking situation, or if the victim was a minor when the act of human trafficking against the victim occurred, within eight years after the date the plaintiff attains the age of majority.

(d) If a person entitled to sue is under a disability at the time the cause of action accrues, so that it is impossible or impracticable for him or her to bring an action, then the time of the disability is not part of the time limited for the commencement of the action. Disability will toll the running of the statute of limitation for this action.

(1) Disability includes being a minor, insanity, imprisonment, or other incapacity or incompetence.

(2) The statute of limitations shall not run against an incompetent or minor plaintiff simply because a guardian ad litem has been appointed. A guardian ad litem's failure to bring a plaintiff's action within the applicable limitation period will not prejudice the plaintiff's right to do so after his or her disability ceases.

(3) A defendant is estopped to assert a defense of the statute of limitations when the expiration of the statute is due to conduct by the defendant inducing the plaintiff to delay the filing of the action, or due to threats made by the defendant causing duress upon the plaintiff.

(4) The suspension of the statute of limitations due to disability, lack of knowledge, or estoppel applies to all other related claims arising out of the trafficking situation.

(5) The running of the statute of limitations is postponed during the pendency of any criminal proceedings against the victim.

(e) The running of the statute of limitations may be suspended where a person entitled to sue could not have reasonably discovered the cause of action due to circumstances resulting from the trafficking situation, such as psychological trauma, cultural and linguistic isolation, and the inability to access services.

(f) A prevailing plaintiff may also be awarded reasonable attorney's fees and litigation costs including, but not limited to, expert witness fees and expenses as part of the costs.

(g) Any restitution paid by the defendant to the victim shall be credited against any judgment, award, or settlement obtained pursuant to this section. Any judgment, award, or settlement obtained pursuant to an action under this section shall be subject to the provisions of Section 13963 of the Government Code.

(h) Any civil action filed under this section shall be stayed during the pendency of any criminal action arising out of the same occurrence in which the claimant is the victim. As used in this section, a "criminal action" includes investigation and prosecution, and is pending until a final adjudication in the trial court, or dismissal.

SEC. 4. Article 8.8 (commencing with Section 1038) is added to Chapter 4 of Division 8 of the Evidence Code, to read:

Article 8.8. Human Trafficking Victim-Caseworker Privilege

1038. (a) A trafficking victim, whether or not a party to the action, has a privilege to refuse to disclose, and to prevent another from disclosing, a confidential communication between the victim and a human trafficking caseworker if the privilege is claimed by any of the following persons:

(1) The holder of the privilege.

(2) A person who is authorized to claim the privilege by the holder of the privilege.

(3) The person who was the human trafficking caseworker at the time of the confidential communication. However, that person may not claim the privilege if there is no holder of the privilege in existence or if he or she is otherwise instructed by a person authorized to permit disclosure. The human trafficking caseworker who received or made a communication subject to the privilege granted by this article shall claim the privilege whenever he or she is present when the communication is sought to be disclosed and he or she is authorized to claim the privilege under this section.

(b) A human trafficking caseworker shall inform a trafficking victim of any applicable limitations on confidentiality of communications between the victim and the caseworker. This information may be given orally.

1038.1. (a) The court may compel disclosure of information received by a human trafficking caseworker that constitutes relevant evidence of the facts and circumstances involving a crime allegedly perpetrated against the victim and that is the subject of a criminal proceeding, if the court determines that the probative value of the information outweighs the effect of disclosure of the information on the victim, the counseling relationship, and the counseling services. The court may compel disclosure if the victim is either dead or not the complaining witness in a criminal action against the perpetrator.

(b) When a court rules on a claim of privilege under this article, it may require the person from whom disclosure is sought or the person authorized to claim the privilege, or both, to disclose the information in chambers out of the presence and hearing of all persons except the person authorized to claim the privilege and those other persons that the person authorized to claim the privilege consents to have present.

(c) If the judge determines that the information is privileged and shall not be disclosed, neither he nor she nor any other person may disclose,

without the consent of a person authorized to permit disclosure, any information disclosed in the course of the proceedings in chambers. If the court determines that information shall be disclosed, the court shall so order and inform the defendant in the criminal action. If the court finds there is a reasonable likelihood that any information is subject to disclosure pursuant to the balancing test provided in this section, the procedure specified in paragraphs (1), (2), and (3) of Section 1035.4 shall be followed.

1038.2. (a) As used in this article, "victim" means any person who is a "trafficking victim" as defined in Section 236.1.

(b) As used in this article, "human trafficking caseworker" means any of the following:

(1) A person who is employed by any organization providing the programs specified in Section 18294 of the Welfare and Institutions Code, whether financially compensated or not, for the purpose of rendering advice or assistance to victims of human trafficking, who has received specialized training in the counseling of human trafficking victims, and who meets one of the following requirements:

(A) Has a master's degree in counseling or a related field; or has one year of counseling experience, at least six months of which is in the counseling of human trafficking victims.

(B) Has at least 40 hours of training as specified in this paragraph and is supervised by an individual who qualifies as a counselor under subparagraph (A), or is a psychotherapist, as defined in Section 1010. The training, supervised by a person qualified under subparagraph (A), shall include, but need not be limited to, the following areas: history of human trafficking, civil and criminal law as it relates to human trafficking, societal attitudes towards human trafficking, peer counseling techniques, housing, public assistance and other financial resources available to meet the financial needs of human trafficking victims, and referral services available to human trafficking victims. A portion of this training must include an explanation of privileged communication.

(2) A person who is employed by any organization providing the programs specified in Section 13835.2 of the Penal Code, whether financially compensated or not, for the purpose of counseling and assisting human trafficking victims, and who meets one of the following requirements:

(A) Is a psychotherapist as defined in Section 1010, has a master's degree in counseling or a related field, or has one year of counseling experience, at least six months of which is in rape assault counseling.

(B) Has the minimum training for human trafficking counseling required by guidelines established by the employing agency pursuant to subdivision (c) of Section 13835.10 of the Penal Code, and is supervised

by an individual who qualifies as a counselor under subparagraph (A). The training, supervised by a person qualified under subparagraph (A), shall include, but not be limited to, law, victimology, counseling techniques, client and system advocacy, and referral services. A portion of this training must include an explanation of privileged communication.

(c) As used in this article, "confidential communication" means information transmitted between the victim and the caseworker in the course of their relationship and in confidence by a means which, so far as the victim is aware, discloses the information to no third persons other than those who are present to further the interests of the victim in the consultation or those to whom disclosures are reasonably necessary for the transmission of the information or an accomplishment of the purposes for which the human trafficking counselor is consulted. It includes all information regarding the facts and circumstances involving all incidences of human trafficking.

(d) As used in this article, "holder of the privilege" means the victim when he or she has no guardian or conservator, or a guardian or conservator of the victim when the victim has a guardian or conservator.

SEC. 5. Section 13956 of the Government Code is amended to read:

13956. Notwithstanding Section 13955, a person shall not be eligible for compensation under the following conditions:

(a) An application shall be denied if the board finds that the victim or, where compensation is sought by or on behalf of a derivative victim, either the victim or derivative victim, knowingly and willingly participated in the commission of the crime that resulted in the pecuniary loss for which compensation is being sought pursuant to this chapter. However, this subdivision shall not apply if the injury or death occurred as a direct result of a crime committed in violation of Section 261, 262, or 273.5 of, or a crime of unlawful sexual intercourse with a minor committed in violation of subdivision (d) of Section 261.5 of, the Penal Code.

(b) (1) An application shall be denied if the board finds that the victim or, where compensation is sought by, or on behalf of, a derivative victim, either the victim or derivative victim failed to cooperate reasonably with a law enforcement agency in the apprehension and conviction of a criminal committing the crime. However, in determining whether cooperation has been reasonable, the board shall consider the victim's or derivative victim's age, physical condition, and psychological state, cultural or linguistic barriers, any compelling health and safety concerns, including, but not limited to, a reasonable fear of retaliation or harm that would jeopardize the well-being of the victim or the victim's family or the derivative victim or the derivative victim's family, and giving due consideration to the degree of cooperation of which the victim or

derivative victim is capable in light of the presence of any of these factors.

(2) An application for a claim based on domestic violence may not be denied solely because no police report was made by the victim. The board shall adopt guidelines that allow the board to consider and approve applications for assistance based on domestic violence relying upon evidence other than a police report to establish that a domestic violence crime has occurred. Factors evidencing that a domestic violence crime has occurred may include, but are not limited to, medical records documenting injuries consistent with allegations of domestic violence, mental health records, or the fact that the victim has obtained a temporary or permanent restraining order, or all of these.

(3) An application for a claim based on human trafficking as defined in Section 236.1 of the Penal Code may not be denied solely because no police report was made by the victim. The board shall adopt guidelines that allow the board to consider and approve applications for assistance based on human trafficking relying upon evidence other than a police report to establish that a human trafficking crime as defined in Section 236.1 has occurred. That evidence may include any reliable corroborating information approved by the board, including, but not limited to, the following:

(A) A Law Enforcement Agency Endorsement issued pursuant to Section 236.2 of the Penal Code.

(B) A human trafficking caseworker as identified in Section 1038.2 of the Evidence Code, has attested by affidavit that the individual was a victim of human trafficking.

(c) An application for compensation may be denied, in whole or in part, if the board finds that denial is appropriate because of the nature of the victim's or other applicant's involvement in the events leading to the crime or the involvement of the persons whose injury or death gives rise to the application. In the case of a minor, the board shall consider the minor's age, physical condition, and psychological state, as well as any compelling health and safety concerns, in determining whether the minor's application should be denied pursuant to this section. The application of a derivative victim of domestic violence under the age of 18 years of age or a derivative victim of trafficking under 18 years of age may not be denied on the basis of the denial of the victim's application under this subdivision.

(d) (1) Notwithstanding Section 13955, no person who is convicted of a felony may be granted compensation until that person has been discharged from probation or has been released from a correctional institution and has been discharged from parole, if any. In no case shall

compensation be granted to an applicant pursuant to this chapter during any period of time the applicant is held in a correctional institution.

(2) A person who has been convicted of a felony may apply for compensation pursuant to this chapter at any time, but the award of that compensation may not be considered until the applicant meets the requirements for compensation set forth in paragraph (1).

(3) Applications of victims who are not felons shall receive priority in the award of compensation over an application submitted by a felon who has met the requirements for compensation set forth in paragraph (1).

SEC. 6. Section 186.2 of the Penal Code is amended to read:

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

(a) "Criminal profiteering activity" means any act committed or attempted or any threat made for financial gain or advantage, which act or threat may be charged as a crime under any of the following sections:

(1) Arson, as defined in Section 451.

(2) Bribery, as defined in Sections 67, 67.5, and 68.

(3) Child pornography or exploitation, as defined in subdivision (b) of Section 311.2, or Section 311.3 or 311.4, which may be prosecuted as a felony.

(4) Felonious assault, as defined in Section 245.

(5) Embezzlement, as defined in Sections 424 and 503.

(6) Extortion, as defined in Section 518.

(7) Forgery, as defined in Section 470.

(8) Gambling, as defined in Sections 337a to 337f, inclusive, and Section 337i, except the activities of a person who participates solely as an individual bettor.

(9) Kidnapping, as defined in Section 207.

(10) Mayhem, as defined in Section 203.

(11) Murder, as defined in Section 187.

(12) Pimping and pandering, as defined in Section 266.

(13) Receiving stolen property, as defined in Section 496.

(14) Robbery, as defined in Section 211.

(15) Solicitation of crimes, as defined in Section 653f.

(16) Grand theft, as defined in Section 487.

(17) Trafficking in controlled substances, as defined in Sections 11351, 11352, and 11353 of the Health and Safety Code.

(18) Violation of the laws governing corporate securities, as defined in Section 25541 of the Corporations Code.

(19) Any of the offenses contained in Chapter 7.5 (commencing with Section 311) of Title 9, relating to obscene matter, or in Chapter 7.6 (commencing with Section 313) of Title 9, relating to harmful matter that may be prosecuted as a felony.

(20) Presentation of a false or fraudulent claim, as defined in Section 550.

(21) False or fraudulent activities, schemes, or artifices, as described in Section 14107 of the Welfare and Institutions Code.

(22) Money laundering, as defined in Section 186.10.

(23) Offenses relating to the counterfeit of a registered mark, as specified in Section 350.

(24) Offenses relating to the unauthorized access to computers, computer systems, and computer data, as specified in Section 502.

(25) Conspiracy to commit any of the crimes listed above, as defined in Section 182.

(26) Subdivision (a) of Section 186.22, or a felony subject to enhancement as specified in subdivision (b) of Section 186.22.

(27) Any offenses related to fraud or theft against the state's beverage container recycling program, including, but not limited to, those offenses specified in this subdivision and those criminal offenses specified in the California Beverage Container Recycling and Litter Reduction Act, commencing at Section 14500 of the Public Resources Code.

(28) Human trafficking, as defined in Section 236.1.

(b) "Pattern of criminal profiteering activity" means engaging in at least two incidents of criminal profiteering, as defined by this act, that meet the following requirements:

(1) Have the same or a similar purpose, result, principals, victims, or methods of commission, or are otherwise interrelated by distinguishing characteristics.

(2) Are not isolated events.

(3) Were committed as a criminal activity of organized crime.

Acts that would constitute a "pattern of criminal profiteering activity" may not be used by a prosecuting agency to seek the remedies provided by this chapter unless the underlying offense occurred after the effective date of this chapter and the prior act occurred within 10 years, excluding any period of imprisonment, of the commission of the underlying offense. A prior act may not be used by a prosecuting agency to seek remedies provided by this chapter if a prosecution for that act resulted in an acquittal.

(c) "Prosecuting agency" means the Attorney General or the district attorney of any county.

(d) "Organized crime" means crime that is of a conspiratorial nature and that is either of an organized nature and seeks to supply illegal goods and services such as narcotics, prostitution, loan-sharking, gambling, and pornography, or that, through planning and coordination of individual efforts, seeks to conduct the illegal activities of arson for profit, hijacking, insurance fraud, smuggling, operating vehicle theft rings, fraud against

the beverage container recycling program, or systematically encumbering the assets of a business for the purpose of defrauding creditors. "Organized crime" also means crime committed by a criminal street gang, as defined in subdivision (f) of Section 186.22. "Organized crime" also means false or fraudulent activities, schemes, or artifices, as described in Section 14107 of the Welfare and Institutions Code.

(e) "Underlying offense" means an offense enumerated in subdivision (a) for which the defendant is being prosecuted.

SEC. 6.5. Section 186.2 of the Penal Code is amended to read:

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

(a) "Criminal profiteering activity" means any act committed or attempted or any threat made for financial gain or advantage, which act or threat may be charged as a crime under any of the following sections:

(1) Arson, as defined in Section 451.

(2) Bribery, as defined in Sections 67, 67.5, and 68.

(3) Child pornography or exploitation, as defined in subdivision (b) of Section 311.2, or Section 311.3 or 311.4, which may be prosecuted as a felony.

(4) Felonious assault, as defined in Section 245.

(5) Embezzlement, as defined in Sections 424 and 503.

(6) Extortion, as defined in Section 518.

(7) Forgery, as defined in Section 470.

(8) Gambling, as defined in Sections 337a to 337f, inclusive, and Section 337i, except the activities of a person who participates solely as an individual bettor.

(9) Kidnapping, as defined in Section 207.

(10) Mayhem, as defined in Section 203.

(11) Murder, as defined in Section 187.

(12) Pimping and pandering, as defined in Section 266.

(13) Receiving stolen property, as defined in Section 496.

(14) Robbery, as defined in Section 211.

(15) Solicitation of crimes, as defined in Section 653f.

(16) Grand theft, as defined in Section 487.

(17) Trafficking in controlled substances, as defined in Sections 11351, 11352, and 11353 of the Health and Safety Code.

(18) Violation of the laws governing corporate securities, as defined in Section 25541 of the Corporations Code.

(19) Any of the offenses contained in Chapter 7.5 (commencing with Section 311) of Title 9, relating to obscene matter, or in Chapter 7.6 (commencing with Section 313) of Title 9, relating to harmful matter that may be prosecuted as a felony.

(20) Presentation of a false or fraudulent claim, as defined in Section 550.

(21) False or fraudulent activities, schemes, or artifices, as described in Section 14107 of the Welfare and Institutions Code.

(22) Money laundering, as defined in Section 186.10.

(23) Offenses relating to the counterfeit of a registered mark, as specified in Section 350.

(24) Offenses relating to the unauthorized access to computers, computer systems, and computer data, as specified in Section 502.

(25) Conspiracy to commit any of the crimes listed above, as defined in Section 182.

(26) Subdivision (a) of Section 186.22, or a felony subject to enhancement as specified in subdivision (b) of Section 186.22.

(27) Any offenses related to fraud or theft against the state's beverage container recycling program, including, but not limited to, those offenses specified in this subdivision and those criminal offenses specified in the California Beverage Container Recycling and Litter Reduction Act, commencing at Section 14500 of the Public Resources Code.

(28) Human trafficking, as defined in Section 236.1.

(29) Theft of personal identifying information, as defined in Section 530.5.

(b) "Pattern of criminal profiteering activity" means engaging in at least two incidents of criminal profiteering, as defined by this act, that meet the following requirements:

(1) Have the same or a similar purpose, result, principals, victims, or methods of commission, or are otherwise interrelated by distinguishing characteristics.

(2) Are not isolated events.

(3) Were committed as a criminal activity of organized crime.

Acts that would constitute a "pattern of criminal profiteering activity" may not be used by a prosecuting agency to seek the remedies provided by this chapter unless the underlying offense occurred after the effective date of this chapter and the prior act occurred within 10 years, excluding any period of imprisonment, of the commission of the underlying offense. A prior act may not be used by a prosecuting agency to seek remedies provided by this chapter if a prosecution for that act resulted in an acquittal.

(c) "Prosecuting agency" means the Attorney General or the district attorney of any county.

(d) "Organized crime" means crime that is of a conspiratorial nature and that is either of an organized nature and seeks to supply illegal goods and services such as narcotics, prostitution, loan-sharking, gambling, and pornography, or that, through planning and coordination of individual efforts, seeks to conduct the illegal activities of arson for profit, hijacking, insurance fraud, smuggling, operating vehicle theft rings, fraud against

the beverage container recycling program, or systematically encumbering the assets of a business for the purpose of defrauding creditors. "Organized crime" also means crime committed by a criminal street gang, as defined in subdivision (f) of Section 186.22. "Organized crime" also means false or fraudulent activities, schemes, or artifices, as described in Section 14107 of the Welfare and Institutions Code, and the theft of person identifying information, as defined in Section 530.5.

(e) "Underlying offense" means an offense enumerated in subdivision (a) for which the defendant is being prosecuted.

SEC. 7. Section 236.1 is added to the Penal Code, to read:

236.1. (a) Any person who deprives or violates the personal liberty of another with the intent to effect or maintain a felony violation of Section 266, 266h, 266i, 267, 311.4, or 518, or to obtain forced labor or services, is guilty of human trafficking.

(b) Except as provided in subdivision (c), a violation of this section is punishable by imprisonment in the state prison for three, four, or five years.

(c) A violation of this section where the victim of the trafficking was under 18 years of age at the time of the commission of the offense is punishable by imprisonment in the state prison for four, six, or eight years.

(d) (1) For purposes of this section, unlawful deprivation or violation of the personal liberty of another includes substantial and sustained restriction of another's liberty accomplished through fraud, deceit, coercion, violence, duress, menace, or threat of unlawful injury to the victim or to another person, under circumstances where the person receiving or apprehending the threat reasonably believes that it is likely that the person making the threat would carry it out.

(2) Duress includes knowingly destroying, concealing, removing, confiscating, or possessing any actual or purported passport or immigration document of the victim.

(e) For purposes of this section, "forced labor or services" means labor or services that are performed or provided by a person and are obtained or maintained through force, fraud, or coercion, or equivalent conduct that would reasonably overbear the will of the person.

(f) The Legislature finds that the definition of human trafficking in this section is equivalent to the federal definition of a severe form of trafficking found in Section 7102(8) of Title 22 of the United States Code.

SEC. 8. Section 236.2 is added to the Penal Code, to read:

236.2. (a) Within 15 business days of the first encounter of a victim of human trafficking, victim pursuant to Section 236.1, law enforcement agencies shall provide brief letters that satisfy the following Law

Enforcement Agency Endorsement (LEA) regulations as found in Section 214.11 (f)(1) of Chapter 8 of the Code of Federal Regulations.

(b) The LEA must be submitted on Supplement B, Declaration of Law Enforcement Officer for Victim of Trafficking in Persons, of Form I-914. The LEA endorsement must be filled out completely in accordance with the instructions contained on the form and must attach the results of any name or database inquiry performed. In order to provide persuasive evidence, the LEA endorsement must contain a description of the victimization upon which the application is based, including the dates the trafficking in persons and victimization occurred, and be signed by a supervising official responsible for the investigation or prosecution of trafficking in persons. The LEA endorsement must address whether the victim had been recruited, harbored, transported, provided, or obtained specifically for either labor or services, or for the purposes of a commercial sex act.

(c) Where state law enforcement agencies find the grant of a LEA endorsement to be inappropriate for a victim of trafficking in persons, the agency shall within 15 days provide the victim with a letter explaining the grounds of the denial of the LEA. The victim may submit additional evidence to the law enforcement agency, which must reconsider the denial of the LEA within one week of the receipt of additional evidence.

SEC. 9. Section 273.7 of the Penal Code is amended to read:

273.7. (a) Any person who maliciously publishes, disseminates, or otherwise discloses the location of any trafficking shelter or domestic violence shelter or any place designated as a trafficking shelter or domestic violence shelter, without the authorization of that trafficking shelter or domestic violence shelter, is guilty of a misdemeanor.

(b) (1) For purposes of this section, "domestic violence shelter" means a confidential location which provides emergency housing on a 24-hour basis for victims of sexual assault, spousal abuse, or both, and their families.

(2) For purposes of this section, "trafficking shelter" means a confidential location which provides emergency housing on a 24-hour basis for victims of human trafficking, including any person who is a victim under Section 236.1.

(3) Sexual assault, spousal abuse, or both, includes but is not limited to, those crimes described in Sections 240, 242, 243.4, 261, 261.5, 262, 264.1, 266, 266a, 266b, 266c, 266f, 273.5, 273.6, 285, 288, and 289.

(c) Nothing in this section shall apply to confidential communications between an attorney and his or her client.

SEC. 10. Section 1202.4 of the Penal Code is amended to read:

1202.4. (a) (1) It is the intent of the Legislature that a victim of crime who incurs any economic loss as a result of the commission of a

crime shall receive restitution directly from any defendant convicted of that crime.

(2) Upon a person being convicted of any crime in the State of California, the court shall order the defendant to pay a fine in the form of a penalty assessment in accordance with Section 1464.

(3) The court, in addition to any other penalty provided or imposed under the law, shall order the defendant to pay both of the following:

(A) A restitution fine in accordance with subdivision (b).

(B) Restitution to the victim or victims, if any, in accordance with subdivision (f), which shall be enforceable as if the order were a civil judgment.

(b) In every case where a person is convicted of a crime, the court shall impose a separate and additional restitution fine, unless it finds compelling and extraordinary reasons for not doing so, and states those reasons on the record.

(1) The restitution fine shall be set at the discretion of the court and commensurate with the seriousness of the offense, but shall not be less than two hundred dollars ($200), and not more than ten thousand dollars ($10,000), if the person is convicted of a felony, and shall not be less than one hundred dollars ($100), and not more than one thousand dollars ($1,000), if the person is convicted of a misdemeanor.

(2) In setting a felony restitution fine, the court may determine the amount of the fine as the product of two hundred dollars ($200) multiplied by the number of years of imprisonment the defendant is ordered to serve, multiplied by the number of felony counts of which the defendant is convicted.

(c) The court shall impose the restitution fine unless it finds compelling and extraordinary reasons for not doing so, and states those reasons on the record. A defendant's inability to pay shall not be considered a compelling and extraordinary reason not to impose a restitution fine. Inability to pay may be considered only in increasing the amount of the restitution fine in excess of the two hundred-dollar ($200) or one hundred-dollar ($100) minimum.

(d) In setting the amount of the fine pursuant to subdivision (b) in excess of the two hundred-dollar ($200) or one hundred-dollar ($100) minimum, the court shall consider any relevant factors including, but not limited to, the defendant's inability to pay, the seriousness and gravity of the offense and the circumstances of its commission, any economic gain derived by the defendant as a result of the crime, the extent to which any other person suffered any losses as a result of the crime, and the number of victims involved in the crime. Those losses may include pecuniary losses to the victim or his or her dependents as well as intangible losses, such as psychological harm caused by the crime.

Consideration of a defendant's inability to pay may include his or her future earning capacity. A defendant shall bear the burden of demonstrating his or her inability to pay. Express findings by the court as to the factors bearing on the amount of the fine shall not be required. A separate hearing for the fine shall not be required.

(e) The restitution fine shall not be subject to penalty assessments as provided in Section 1464, and shall be deposited in the Restitution Fund in the State Treasury.

(f) Except as provided in subdivision (q), in every case in which a victim has suffered economic loss as a result of the defendant's conduct, the court shall require that the defendant make restitution to the victim or victims in an amount established by court order, based on the amount of loss claimed by the victim or victims or any other showing to the court. If the amount of loss cannot be ascertained at the time of sentencing, the restitution order shall include a provision that the amount shall be determined at the direction of the court. The court shall order full restitution unless it finds compelling and extraordinary reasons for not doing so, and states them on the record.

(1) The defendant has the right to a hearing before a judge to dispute the determination of the amount of restitution. The court may modify the amount, on its own motion or on the motion of the district attorney, the victim or victims, or the defendant. If a motion is made for modification of a restitution order, the victim shall be notified of that motion at least 10 days prior to the proceeding held to decide the motion.

(2) Determination of the amount of restitution ordered pursuant to this subdivision shall not be affected by the indemnification or subrogation rights of any third party. Restitution ordered pursuant to this subdivision shall be ordered to be deposited to the Restitution Fund to the extent that the victim, as defined in subdivision (k), has received assistance from the Victim Compensation Program pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code.

(3) To the extent possible, the restitution order shall be prepared by the sentencing court, shall identify each victim and each loss to which it pertains, and shall be of a dollar amount that is sufficient to fully reimburse the victim or victims for every determined economic loss incurred as the result of the defendant's criminal conduct, including, but not limited to, all of the following:

(A) Full or partial payment for the value of stolen or damaged property. The value of stolen or damaged property shall be the replacement cost of like property, or the actual cost of repairing the property when repair is possible.

(B) Medical expenses.

(C) Mental health counseling expenses.

(D) Wages or profits lost due to injury incurred by the victim, and if the victim is a minor, wages or profits lost by the minor's parent, parents, guardian, or guardians, while caring for the injured minor. Lost wages shall include any commission income as well as any base wages. Commission income shall be established by evidence of commission income during the 12-month period prior to the date of the crime for which restitution is being ordered, unless good cause for a shorter time period is shown.

(E) Wages or profits lost by the victim, and if the victim is a minor, wages or profits lost by the minor's parent, parents, guardian, or guardians, due to time spent as a witness or in assisting the police or prosecution. Lost wages shall include any commission income as well as any base wages. Commission income shall be established by evidence of commission income during the 12-month period prior to the date of the crime for which restitution is being ordered, unless good cause for a shorter time period is shown.

(F) Noneconomic losses, including, but not limited to, psychological harm, for felony violations of Section 288.

(G) Interest, at the rate of 10 percent per annum, that accrues as of the date of sentencing or loss, as determined by the court.

(H) Actual and reasonable attorney's fees and other costs of collection accrued by a private entity on behalf of the victim.

(I) Expenses incurred by an adult victim in relocating away from the defendant, including, but not limited to, deposits for utilities and telephone service, deposits for rental housing, temporary lodging and food expenses, clothing, and personal items. Expenses incurred pursuant to this section shall be verified by law enforcement to be necessary for the personal safety of the victim or by a mental health treatment provider to be necessary for the emotional well-being of the victim.

(J) Expenses to install or increase residential security incurred related to a crime, as defined in subdivision (c) of Section 667.5, including, but not limited to, a home security device or system, or replacing or increasing the number of locks.

(K) Expenses to retrofit a residence or vehicle, or both, to make the residence accessible to or the vehicle operational by the victim, if the victim is permanently disabled, whether the disability is partial or total, as a direct result of the crime.

(4) (A) If, as a result of the defendant's conduct, the Restitution Fund has provided assistance to or on behalf of a victim or derivative victim pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code, the amount of assistance provided shall be presumed to be a direct result of the defendant's

criminal conduct and shall be included in the amount of the restitution ordered.

(B) The amount of assistance provided by the Restitution Fund shall be established by copies of bills submitted to the California Victim Compensation and Government Claims Board reflecting the amount paid by the board and whether the services for which payment was made were for medical or dental expenses, funeral or burial expenses, mental health counseling, wage or support losses, or rehabilitation. Certified copies of these bills provided by the board and redacted to protect the privacy and safety of the victim or any legal privilege, together with a statement made under penalty of perjury by the custodian of records that those bills were submitted to and were paid by the board, shall be sufficient to meet this requirement.

(C) If the defendant offers evidence to rebut the presumption established by this paragraph, the court may release additional information contained in the records of the board to the defendant only after reviewing that information in camera and finding that the information is necessary for the defendant to dispute the amount of the restitution order.

(5) Except as provided in paragraph (6), in any case in which an order may be entered pursuant to this subdivision, the defendant shall prepare and file a disclosure identifying all assets, income, and liabilities in which the defendant held or controlled a present or future interest as of the date of the defendant's arrest for the crime for which restitution may be ordered. The financial disclosure statements shall be made available to the victim and the board pursuant to Section 1214. The disclosure shall be signed by the defendant upon a form approved or adopted by the Judicial Council for the purpose of facilitating the disclosure. Any defendant who willfully states as true any material matter that he or she knows to be false on the disclosure required by this subdivision is guilty of a misdemeanor, unless this conduct is punishable as perjury or another provision of law provides for a greater penalty.

(6) A defendant who fails to file the financial disclosure required in paragraph (5), but who has filed a financial affidavit or financial information pursuant to subdivision (c) of Section 987, shall be deemed to have waived the confidentiality of that affidavit or financial information as to a victim in whose favor the order of restitution is entered pursuant to subdivision (f). The affidavit or information shall serve in lieu of the financial disclosure required in paragraph (5), and paragraphs (7) to (10), inclusive, shall not apply.

(7) Except as provided in paragraph (6), the defendant shall file the disclosure with the clerk of the court no later than the date set for the defendant's sentencing, unless otherwise directed by the court. The

disclosure may be inspected or copied as provided by subdivision (b), (c), or (d) of Section 1203.05.

(8) In its discretion, the court may relieve the defendant of the duty under paragraph (7) of filing with the clerk by requiring that the defendant's disclosure be submitted as an attachment to, and be available to, those authorized to receive the following:

(A) Any report submitted pursuant to subparagraph (C) of paragraph (2) of subdivision (b) of Section 1203 or subdivision (g) of Section 1203.

(B) Any stipulation submitted pursuant to paragraph (4) of subdivision (b) of Section 1203.

(C) Any report by the probation officer, or any information submitted by the defendant applying for a conditional sentence pursuant to subdivision (d) of Section 1203.

(9) The court may consider a defendant's unreasonable failure to make a complete disclosure pursuant to paragraph (5) as any of the following:

(A) A circumstance in aggravation of the crime in imposing a term under subdivision (b) of Section 1170.

(B) A factor indicating that the interests of justice would not be served by admitting the defendant to probation under Section 1203.

(C) A factor indicating that the interests of justice would not be served by conditionally sentencing the defendant under Section 1203.

(D) A factor indicating that the interests of justice would not be served by imposing less than the maximum fine and sentence fixed by law for the case.

(10) A defendant's failure or refusal to make the required disclosure pursuant to paragraph (5) shall not delay entry of an order of restitution or pronouncement of sentence. In appropriate cases, the court may do any of the following:

(A) Require the defendant to be examined by the district attorney pursuant to subdivision (h).

(B) If sentencing the defendant under Section 1170, provide that the victim shall receive a copy of the portion of the probation report filed pursuant to Section 1203.10 concerning the defendant's employment, occupation, finances, and liabilities.

(C) If sentencing the defendant under Section 1203, set a date and place for submission of the disclosure required by paragraph (5) as a condition of probation or suspended sentence.

(11) If a defendant has any remaining unpaid balance on a restitution order or fine 120 days prior to his or her scheduled release from probation or 120 days prior to his or her completion of a conditional sentence, the defendant shall prepare and file a new and updated financial disclosure identifying all assets, income, and liabilities in which the defendant holds

or controls or has held or controlled a present or future interest during the defendant's period of probation or conditional sentence. The financial disclosure shall be made available to the victim and the board pursuant to Section 1214. The disclosure shall be signed and prepared by the defendant on the same form as described in paragraph (5). Any defendant who willfully states as true any material matter that he or she knows to be false on the disclosure required by this subdivision is guilty of a misdemeanor, unless this conduct is punishable as perjury or another provision of law provides for a greater penalty. The financial disclosure required by this paragraph shall be filed with the clerk of the court no later than 90 days prior to the defendant's scheduled release from probation or completion of the defendant's conditional sentence.

(g) The court shall order full restitution unless it finds compelling and extraordinary reasons for not doing so, and states those reasons on the record. A defendant's inability to pay shall not be considered a compelling and extraordinary reason not to impose a restitution order, nor shall inability to pay be a consideration in determining the amount of a restitution order.

(h) The district attorney may request an order of examination pursuant to the procedures specified in Article 2 (commencing with Section 708.110) of Chapter 6 of Division 2 of Title 9 of Part 2 of the Code of Civil Procedure, in order to determine the defendant's financial assets for purposes of collecting on the restitution order.

(i) A restitution order imposed pursuant to subdivision (f) shall be enforceable as if the order were a civil judgment.

(j) The making of a restitution order pursuant to subdivision (f) shall not affect the right of a victim to recovery from the Restitution Fund as otherwise provided by law, except to the extent that restitution is actually collected pursuant to the order. Restitution collected pursuant to this subdivision shall be credited to any other judgments for the same losses obtained against the defendant arising out of the crime for which the defendant was convicted.

(k) For purposes of this section, "victim" shall include all of the following:

(1) The immediate surviving family of the actual victim.

(2) Any corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity when that entity is a direct victim of a crime.

(3) Any person who has sustained economic loss as the result of a crime and who satisfies any of the following conditions:

(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) At the time of the crime was a person who had previously lived in the household of the victim for a period of not less than two years in a relationship substantially similar to a relationship listed in subparagraph (A).

(D) Is another family member of the victim, including, but not limited to, the victim's fiancé or fiancée, and who witnessed the crime.

(E) Is the primary caretaker of a minor victim.

(4) Any person who is eligible to receive assistance from the Restitution Fund pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code.

(*l*) At its discretion, the board of supervisors of any county may impose a fee to cover the actual administrative cost of collecting the restitution fine, not to exceed 10 percent of the amount ordered to be paid, to be added to the restitution fine and included in the order of the court, the proceeds of which shall be deposited in the general fund of the county.

(m) In every case in which the defendant is granted probation, the court shall make the payment of restitution fines and orders imposed pursuant to this section a condition of probation. Any portion of a restitution order that remains unsatisfied after a defendant is no longer on probation shall continue to be enforceable by a victim pursuant to Section 1214 until the obligation is satisfied.

(n) If the court finds and states on the record compelling and extraordinary reasons why a restitution fine or full restitution order should not be required, the court shall order, as a condition of probation, that the defendant perform specified community service, unless it finds and states on the record compelling and extraordinary reasons not to require community service in addition to the finding that restitution should not be required. Upon revocation of probation, the court shall impose restitution pursuant to this section.

(o) The provisions of Section 13963 of the Government Code shall apply to restitution imposed pursuant to this section.

(p) The court clerk shall notify the California Victim Compensation and Government Claims Board within 90 days of an order of restitution being imposed if the defendant is ordered to pay restitution to the board due to the victim receiving compensation from the Restitution Fund. Notification shall be accomplished by mailing a copy of the court order to the board, which may be done periodically by bulk mail or electronic mail.

(q) Upon conviction for a violation of Section 236.1, the court shall, in addition to any other penalty or restitution, order the defendant to pay restitution to the victim in any case in which a victim has suffered

economic loss as a result of the defendant's conduct. The court shall require that the defendant make restitution to the victim or victims in a amount established by court order, based on the amount of loss claimed by the victim or victims or any other showing to the court. In determining restitution pursuant to this section, the court shall base its order upon the greater of the following the gross value of the victim's labor or services based upon the comparable value of similar services in the labor market in which the offense occurred, or the value of the victim's labor as guaranteed under California law, or the actual income derived by the defendant from the victim's labor or services or any other appropriate means to provide reparations to the victim.

SEC. 10.5. Section 1202.4 of the Penal Code is amended to read:

1202.4. (a) (1) It is the intent of the Legislature that a victim of crime who incurs any economic loss as a result of the commission of a crime shall receive restitution directly from any defendant convicted of that crime.

(2) Upon a person being convicted of any crime in the State of California, the court shall order the defendant to pay a fine in the form of a penalty assessment in accordance with Section 1464.

(3) The court, in addition to any other penalty provided or imposed under the law, shall order the defendant to pay both of the following:

(A) A restitution fine in accordance with subdivision (b).

(B) Restitution to the victim or victims, if any, in accordance with subdivision (f), which shall be enforceable as if the order were a civil judgment.

(b) In every case where a person is convicted of a crime, the court shall impose a separate and additional restitution fine, unless it finds compelling and extraordinary reasons for not doing so, and states those reasons on the record.

(1) The restitution fine shall be set at the discretion of the court and commensurate with the seriousness of the offense, but shall not be less than two hundred dollars ($200), and not more than ten thousand dollars ($10,000), if the person is convicted of a felony, and shall not be less than one hundred dollars ($100), and not more than one thousand dollars ($1,000), if the person is convicted of a misdemeanor.

(2) In setting a felony restitution fine, the court may determine the amount of the fine as the product of two hundred dollars ($200) multiplied by the number of years of imprisonment the defendant is ordered to serve, multiplied by the number of felony counts of which the defendant is convicted.

(c) The court shall impose the restitution fine unless it finds compelling and extraordinary reasons for not doing so, and states those reasons on the record. A defendant's inability to pay shall not be

considered a compelling and extraordinary reason not to impose a restitution fine. Inability to pay may be considered only in increasing the amount of the restitution fine in excess of the two hundred-dollar ($200) or one hundred-dollar ($100) minimum. The court may specify that funds confiscated at the time of the defendant's arrest, except for funds confiscated pursuant to Section 11469 of the Health and Safety Code, be applied to the restitution fine if the funds are not exempt for spousal or child support or subject to any other legal exemption.

(d) In setting the amount of the fine pursuant to subdivision (b) in excess of the two hundred-dollar ($200) or one hundred-dollar ($100) minimum, the court shall consider any relevant factors including, but not limited to, the defendant's inability to pay, the seriousness and gravity of the offense and the circumstances of its commission, any economic gain derived by the defendant as a result of the crime, the extent to which any other person suffered any losses as a result of the crime, and the number of victims involved in the crime. Those losses may include pecuniary losses to the victim or his or her dependents as well as intangible losses, such as psychological harm caused by the crime. Consideration of a defendant's inability to pay may include his or her future earning capacity. A defendant shall bear the burden of demonstrating his or her inability to pay. Express findings by the court as to the factors bearing on the amount of the fine shall not be required. A separate hearing for the fine shall not be required.

(e) The restitution fine shall not be subject to penalty assessments as provided in Section 1464, and shall be deposited in the Restitution Fund in the State Treasury.

(f) Except as provided in subdivision (q), in every case in which a victim has suffered economic loss as a result of the defendant's conduct, the court shall require that the defendant make restitution to the victim or victims in an amount established by court order, based on the amount of loss claimed by the victim or victims or any other showing to the court. If the amount of loss cannot be ascertained at the time of sentencing, the restitution order shall include a provision that the amount shall be determined at the direction of the court. The court shall order full restitution unless it finds compelling and extraordinary reasons for not doing so, and states them on the record. The court may specify that funds confiscated at the time of the defendant's arrest, except for funds confiscated pursuant to Section 11469 of the Health and Safety Code, be applied to the restitution order if the funds are not exempt for spousal or child support or subject to any other legal exemption.

(1) The defendant has the right to a hearing before a judge to dispute the determination of the amount of restitution. The court may modify the amount, on its own motion or on the motion of the district attorney,

the victim or victims, or the defendant. If a motion is made for modification of a restitution order, the victim shall be notified of that motion at least 10 days prior to the proceeding held to decide the motion.

(2) Determination of the amount of restitution ordered pursuant to this subdivision shall not be affected by the indemnification or subrogation rights of any third party. Restitution ordered pursuant to this subdivision shall be ordered to be deposited to the Restitution Fund to the extent that the victim, as defined in subdivision (k), has received assistance from the Victim Compensation Program pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code.

(3) To the extent possible, the restitution order shall be prepared by the sentencing court, shall identify each victim and each loss to which it pertains, and shall be of a dollar amount that is sufficient to fully reimburse the victim or victims for every determined economic loss incurred as the result of the defendant's criminal conduct, including, but not limited to, all of the following:

(A) Full or partial payment for the value of stolen or damaged property. The value of stolen or damaged property shall be the replacement cost of like property, or the actual cost of repairing the property when repair is possible.

(B) Medical expenses.

(C) Mental health counseling expenses.

(D) Wages or profits lost due to injury incurred by the victim, and if the victim is a minor, wages or profits lost by the minor's parent, parents, guardian, or guardians, while caring for the injured minor. Lost wages shall include any commission income as well as any base wages. Commission income shall be established by evidence of commission income during the 12-month period prior to the date of the crime for which restitution is being ordered, unless good cause for a shorter time period is shown.

(E) Wages or profits lost by the victim, and if the victim is a minor, wages or profits lost by the minor's parent, parents, guardian, or guardians, due to time spent as a witness or in assisting the police or prosecution. Lost wages shall include any commission income as well as any base wages. Commission income shall be established by evidence of commission income during the 12-month period prior to the date of the crime for which restitution is being ordered, unless good cause for a shorter time period is shown.

(F) Noneconomic losses, including, but not limited to, psychological harm, for felony violations of Section 288.

(G) Interest, at the rate of 10 percent per annum, that accrues as of the date of sentencing or loss, as determined by the court.

(H) Actual and reasonable attorney's fees and other costs of collection accrued by a private entity on behalf of the victim.

(I) Expenses incurred by an adult victim in relocating away from the defendant, including, but not limited to, deposits for utilities and telephone service, deposits for rental housing, temporary lodging and food expenses, clothing, and personal items. Expenses incurred pursuant to this section shall be verified by law enforcement to be necessary for the personal safety of the victim or by a mental health treatment provider to be necessary for the emotional well-being of the victim.

(J) Expenses to install or increase residential security incurred related to a crime, as defined in subdivision (c) of Section 667.5, including, but not limited to, a home security device or system, or replacing or increasing the number of locks.

(K) Expenses to retrofit a residence or vehicle, or both, to make the residence accessible to or the vehicle operational by the victim, if the victim is permanently disabled, whether the disability is partial or total, as a direct result of the crime.

(4) (A) If, as a result of the defendant's conduct, the Restitution Fund has provided assistance to or on behalf of a victim or derivative victim pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code, the amount of assistance provided shall be presumed to be a direct result of the defendant's criminal conduct and shall be included in the amount of the restitution ordered.

(B) The amount of assistance provided by the Restitution Fund shall be established by copies of bills submitted to the California Victim Compensation and Government Claims Board reflecting the amount paid by the board and whether the services for which payment was made were for medical or dental expenses, funeral or burial expenses, mental health counseling, wage or support losses, or rehabilitation. Certified copies of these bills provided by the board and redacted to protect the privacy and safety of the victim or any legal privilege, together with a statement made under penalty of perjury by the custodian of records that those bills were submitted to and were paid by the board, shall be sufficient to meet this requirement.

(C) If the defendant offers evidence to rebut the presumption established by this paragraph, the court may release additional information contained in the records of the board to the defendant only after reviewing that information in camera and finding that the information is necessary for the defendant to dispute the amount of the restitution order.

(5) Except as provided in paragraph (6), in any case in which an order may be entered pursuant to this subdivision, the defendant shall prepare

and file a disclosure identifying all assets, income, and liabilities in which the defendant held or controlled a present or future interest as of the date of the defendant's arrest for the crime for which restitution may be ordered. The financial disclosure statements shall be made available to the victim and the board pursuant to Section 1214. The disclosure shall be signed by the defendant upon a form approved or adopted by the Judicial Council for the purpose of facilitating the disclosure. Any defendant who willfully states as true any material matter that he or she knows to be false on the disclosure required by this subdivision is guilty of a misdemeanor, unless this conduct is punishable as perjury or another provision of law provides for a greater penalty.

(6) A defendant who fails to file the financial disclosure required in paragraph (5), but who has filed a financial affidavit or financial information pursuant to subdivision (c) of Section 987, shall be deemed to have waived the confidentiality of that affidavit or financial information as to a victim in whose favor the order of restitution is entered pursuant to subdivision (f). The affidavit or information shall serve in lieu of the financial disclosure required in paragraph (5), and paragraphs (7) to (10), inclusive, shall not apply.

(7) Except as provided in paragraph (6), the defendant shall file the disclosure with the clerk of the court no later than the date set for the defendant's sentencing, unless otherwise directed by the court. The disclosure may be inspected or copied as provided by subdivision (b), (c), or (d) of Section 1203.05.

(8) In its discretion, the court may relieve the defendant of the duty under paragraph (7) of filing with the clerk by requiring that the defendant's disclosure be submitted as an attachment to, and be available to, those authorized to receive the following:

(A) Any report submitted pursuant to subparagraph (C) of paragraph (2) of subdivision (b) of Section 1203 or subdivision (g) of Section 1203.

(B) Any stipulation submitted pursuant to paragraph (4) of subdivision (b) of Section 1203.

(C) Any report by the probation officer, or any information submitted by the defendant applying for a conditional sentence pursuant to subdivision (d) of Section 1203.

(9) The court may consider a defendant's unreasonable failure to make a complete disclosure pursuant to paragraph (5) as any of the following:

(A) A circumstance in aggravation of the crime in imposing a term under subdivision (b) of Section 1170.

(B) A factor indicating that the interests of justice would not be served by admitting the defendant to probation under Section 1203.

(C) A factor indicating that the interests of justice would not be served by conditionally sentencing the defendant under Section 1203.

(D) A factor indicating that the interests of justice would not be served by imposing less than the maximum fine and sentence fixed by law for the case.

(10) A defendant's failure or refusal to make the required disclosure pursuant to paragraph (5) shall not delay entry of an order of restitution or pronouncement of sentence. In appropriate cases, the court may do any of the following:

(A) Require the defendant to be examined by the district attorney pursuant to subdivision (h).

(B) If sentencing the defendant under Section 1170, provide that the victim shall receive a copy of the portion of the probation report filed pursuant to Section 1203.10 concerning the defendant's employment, occupation, finances, and liabilities.

(C) If sentencing the defendant under Section 1203, set a date and place for submission of the disclosure required by paragraph (5) as a condition of probation or suspended sentence.

(11) If a defendant has any remaining unpaid balance on a restitution order or fine 120 days prior to his or her scheduled release from probation or 120 days prior to his or her completion of a conditional sentence, the defendant shall prepare and file a new and updated financial disclosure identifying all assets, income, and liabilities in which the defendant holds or controls or has held or controlled a present or future interest during the defendant's period of probation or conditional sentence. The financial disclosure shall be made available to the victim and the board pursuant to Section 1214. The disclosure shall be signed and prepared by the defendant on the same form as described in paragraph (5). Any defendant who willfully states as true any material matter that he or she knows to be false on the disclosure required by this subdivision is guilty of a misdemeanor, unless this conduct is punishable as perjury or another provision of law provides for a greater penalty. The financial disclosure required by this paragraph shall be filed with the clerk of the court no later than 90 days prior to the defendant's scheduled release from probation or completion of the defendant's conditional sentence.

(g) The court shall order full restitution unless it finds compelling and extraordinary reasons for not doing so, and states those reasons on the record. A defendant's inability to pay shall not be considered a compelling and extraordinary reason not to impose a restitution order, nor shall inability to pay be a consideration in determining the amount of a restitution order.

(h) The district attorney may request an order of examination pursuant to the procedures specified in Article 2 (commencing with Section

708.110) of Chapter 6 of Division 2 of Title 9 of Part 2 of the Code of Civil Procedure, in order to determine the defendant's financial assets for purposes of collecting on the restitution order.

(i) A restitution order imposed pursuant to subdivision (f) shall be enforceable as if the order were a civil judgment.

(j) The making of a restitution order pursuant to subdivision (f) shall not affect the right of a victim to recovery from the Restitution Fund as otherwise provided by law, except to the extent that restitution is actually collected pursuant to the order. Restitution collected pursuant to this subdivision shall be credited to any other judgments for the same losses obtained against the defendant arising out of the crime for which the defendant was convicted.

(k) For purposes of this section, "victim" shall include all of the following:

(1) The immediate surviving family of the actual victim.

(2) Any corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity when that entity is a direct victim of a crime.

(3) Any person who has sustained economic loss as the result of a crime and who satisfies any of the following conditions:

(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) At the time of the crime was a person who had previously lived in the household of the victim for a period of not less than two years in a relationship substantially similar to a relationship listed in subparagraph (A).

(D) Is another family member of the victim, including, but not limited to, the victim's fiancé or fiancée, and who witnessed the crime.

(E) Is the primary caretaker of a minor victim.

(4) Any person who is eligible to receive assistance from the Restitution Fund pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code.

(*l*) At its discretion, the board of supervisors of any county may impose a fee to cover the actual administrative cost of collecting the restitution fine, not to exceed 10 percent of the amount ordered to be paid, to be added to the restitution fine and included in the order of the court, the proceeds of which shall be deposited in the general fund of the county.

(m) In every case in which the defendant is granted probation, the court shall make the payment of restitution fines and orders imposed pursuant to this section a condition of probation. Any portion of a

restitution order that remains unsatisfied after a defendant is no longer on probation shall continue to be enforceable by a victim pursuant to Section 1214 until the obligation is satisfied.

(n) If the court finds and states on the record compelling and extraordinary reasons why a restitution fine or full restitution order should not be required, the court shall order, as a condition of probation, that the defendant perform specified community service, unless it finds and states on the record compelling and extraordinary reasons not to require community service in addition to the finding that restitution should not be required. Upon revocation of probation, the court shall impose restitution pursuant to this section.

(o) The provisions of Section 13963 of the Government Code shall apply to restitution imposed pursuant to this section.

(p) The court clerk shall notify the California Victim Compensation and Government Claims Board within 90 days of an order of restitution being imposed if the defendant is ordered to pay restitution to the board due to the victim receiving compensation from the Restitution Fund. Notification shall be accomplished by mailing a copy of the court order to the board, which may be done periodically by bulk mail or electronic mail.

(q) Upon conviction for a violation of Section 236.1, the court shall, in addition to any other penalty or restitution, order the defendant to pay restitution to the victim in any case in which a victim has suffered economic loss as a result of the defendant's conduct. The court shall require that the defendant make restitution to the victim or victims in an amount established by court order, based on the amount of loss claimed by the victim or victims or any other showing to the court. In determining restitution pursuant to this section, the court shall base its order upon the greater of the following: the gross value of the victim's labor or services based upon the comparable value of similar services in the labor market in which the offense occurred, or the value of the victim's labor as guaranteed under California law, or the actual income derived by the defendant from the victim's labor or services or any other appropriate means to provide reparations to the victim.

SEC. 11. Title 6.7 (commencing with Section 13990) is added to Part 4 of the Penal Code, to read:

TITLE 6.7. CALIFORNIA ALLIANCE TO COMBAT TRAFFICKING AND SLAVERY (CALIFORNIA ACTS) TASK FORCE

13990. (a) There is hereby established the California Alliance to Combat Trafficking and Slavery (California ACTS) Task Force to do the following to the extent feasible:

(1) Collect and organize data on the nature and extent of trafficking in persons in California.

(2) Examine collaborative models between government and nongovernmental organizations for protecting victims of trafficking.

(3) Measure and evaluate the progress of the state in preventing trafficking, protecting and providing assistance to victims of trafficking, and prosecuting persons engaged in trafficking.

(4) Identify available federal, state, and local programs that provide services to victims of trafficking that include, but are not limited to, health care, human services, housing, education, legal assistance, job training or preparation, interpreting services, English-as-a-second-language classes, voluntary repatriation and victim's compensation. Assess the need for additional services, including but not limited to, shelter services for trafficking victims.

(5) Evaluate approaches to increase public awareness of trafficking.

(6) Analyze existing state criminal statutes for their adequacy in addressing trafficking and, if the analysis determines that those statutes are inadequate, recommend revisions to those statutes or the enactment of new statutes that specifically define and address trafficking.

(7) Consult with governmental and nongovernmental organizations in developing recommendations to strengthen state and local efforts to prevent trafficking, protect and assist victims of trafficking, and prosecute traffickers.

(b) The task force shall be chaired by a designee of the Attorney General. The Department of Justice shall provide staff and support for the task force to the extent resources are available.

(c) The members of the task force shall serve at the pleasure of the respective appointing authority. Reimbursement of necessary expenses may be provided at the discretion of the respective appointing authority or agency participating in the task force. The task force shall be comprised of the following representatives or their designees:

(1) The Attorney General.

(2) The Secretary of the Labor and Workforce Development Agency.

(3) The Director of the State Department of Social Services.

(4) The Director of the State Department of Health Services.

(5) Chairperson of the Judicial Council of California.

(6) Chairperson of the State Commission on the Status of Women.

(7) One representative from the California District Attorneys Association.

(8) One representative from the California Public Defenders Association.

(9) Two representatives of local law enforcement, one selected by the California State Sheriffs' Association and one selected by the California Police Chiefs' Association.

(10) One representative from the California Coalition Against Sexual Assault, appointed by the Governor.

(11) One representative from the California Partnership to End Domestic Violence, appointed by the Governor.

(12) The Governor shall appoint one university researcher and one mental health professional.

(13) The Speaker of the Assembly shall appoint one representative from an organization that advocates for immigrant workers' rights and one representative from an organization that serves victims of human trafficking in southern California.

(14) The Senate Rules Committee shall appoint one representative from an organization that provides legal immigration services to low-income individuals, and one representative from an organization that serves victims of trafficking in northern California.

(15) The Governor shall appoint one survivor of human trafficking.

(d) Whenever possible, members of the task force shall have experience providing services to trafficked persons or have knowledge of human trafficking issues.

(e) The task force shall meet at least once every two months. Subcommittees may be formed and meet as necessary. All meetings shall be open to the public. The first meeting of the task force shall be held no later than March 1, 2006.

(f) On or before July 1, 2007, the task force shall report its findings and recommendations to the Governor, the Attorney General, and the Legislature. At the request of any member, the report may include minority findings and recommendations.

(g) For the purposes of this section, "trafficking" means all acts involved in the recruitment, abduction, transport, harboring, transfer, sale or receipt of persons, within national or across international borders, through force, coercion, fraud or deception, to place persons in situations of slavery or slavery like conditions, forced labor or services, such as forced prostitution or sexual services, domestic servitude, bonded sweatshop labor, or other debt bondage.

(h) This section is repealed as of January 1, 2008, unless a later enacted statute, that becomes operative before January 1, 2008, deletes or extends that date.

SEC. 12. Section 14023 of the Penal Code is amended to read:

14023. The Attorney General shall give priority to matters involving organized crime, gang activities, drug trafficking, human trafficking, and cases involving a high degree of risk to the witness. Special regard shall also be given to the elderly, the young, battered, victims of domestic violence, the infirm, the handicapped, and victims of hate incidents.

SEC. 13. Nothing in this act shall be construed as prohibiting or precluding prosecution under any other provision of law or to prevent punishment pursuant to any other provision of law that imposes a greater or more severe punishment than provided for in this act.

SEC. 14. Section 6.5 of this bill incorporates amendments to Section 186.2 of the Penal Code proposed by both this bill and AB 988. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 186.2 of the Penal Code, and (3) this bill is enacted after AB 988, in which case Section 6 of this bill shall not become operative.

SEC. 15. Section 10.5 of this bill incorporates amendments to Section 1202.4 of the Penal Code proposed by both this bill and SB 972. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 1202.4 of the Penal Code, and (3) this bill is enacted after SB 972, in which case Section 10 of this bill shall not become operative.

SEC. 16. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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

CHAPTER 241

An act to amend Section 1798.24 of the Civil Code, and Section 10850 of the Welfare and Institutions Code, relating to personal information.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. (a) It is the intent of the Legislature to protect personal information held in agency databases from being accessed for the purpose of committing identity theft and other crimes.

(b) The Legislature recognizes the research community has legitimate needs to access personal information to carry out research in certain cases, and the provisions of this bill are not intended to impede research but rather to require and set minimum standards for careful review and approval of requests for access to personal information held in agency databases and to require personal information to be removed before data is shared whenever possible.

SEC. 2. Section 1798.24 of the Civil Code is amended to read:

1798.24. No agency may disclose any personal information in a manner that would link the information disclosed to the individual to whom it pertains unless the information is disclosed, as follows:

(a) To the individual to whom the information pertains.

(b) With the prior written voluntary consent of the individual to whom the record pertains, but only if that consent has been obtained not more than 30 days before the disclosure, or in the time limit agreed to by the individual in the written consent.

(c) To the duly appointed guardian or conservator of the individual or a person representing the individual if it can be proven with reasonable certainty through the possession of agency forms, documents or correspondence that this person is the authorized representative of the individual to whom the information pertains.

(d) To those officers, employees, attorneys, agents, or volunteers of the agency that has custody of the information if the disclosure is relevant and necessary in the ordinary course of the performance of their official duties and is related to the purpose for which the information was acquired.

(e) To a person, or to another agency where the transfer is necessary for the transferee agency to perform its constitutional or statutory duties, and the use is compatible with a purpose for which the information was collected and the use or transfer is accounted for in accordance with

Section 1798.25. With respect to information transferred from a law enforcement or regulatory agency, or information transferred to another law enforcement or regulatory agency, a use is compatible if the use of the information requested is needed in an investigation of unlawful activity under the jurisdiction of the requesting agency or for licensing, certification, or regulatory purposes by that agency.

(f) To a governmental entity when required by state or federal law.

(g) Pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(h) To a person who has provided the agency with advance, adequate written assurance that the information will be used solely for statistical research or reporting purposes, but only if the information to be disclosed is in a form that will not identify any individual.

(i) Pursuant to a determination by the agency that maintains information that compelling circumstances exist that affect the health or safety of an individual, if upon the disclosure notification is transmitted to the individual to whom the information pertains at his or her last known address. Disclosure shall not be made if it is in conflict with other state or federal laws.

(j) To the State Archives as a record that has sufficient historical or other value to warrant its continued preservation by the California state government, or for evaluation by the Director of General Services or his or her designee to determine whether the record has further administrative, legal, or fiscal value.

(k) To any person pursuant to a subpoena, court order, or other compulsory legal process if, before the disclosure, the agency reasonably attempts to notify the individual to whom the record pertains, and if the notification is not prohibited by law.

(*l*) To any person pursuant to a search warrant.

(m) Pursuant to Article 3 (commencing with Section 1800) of Chapter 1 of Division 2 of the Vehicle Code.

(n) For the sole purpose of verifying and paying government health care service claims made pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code.

(o) To a law enforcement or regulatory agency when required for an investigation of unlawful activity or for licensing, certification, or regulatory purposes, unless the disclosure is otherwise prohibited by law.

(p) To another person or governmental organization to the extent necessary to obtain information from the person or governmental organization as necessary for an investigation by the agency of a failure

to comply with a specific state law that the agency is responsible for enforcing.

(q) To an adopted person and is limited to general background information pertaining to the adopted person's natural parents, provided that the information does not include or reveal the identity of the natural parents.

(r) To a child or a grandchild of an adopted person and disclosure is limited to medically necessary information pertaining to the adopted person's natural parents. However, the information, or the process for obtaining the information, shall not include or reveal the identity of the natural parents. The State Department of Social Services shall adopt regulations governing the release of information pursuant to this subdivision by July 1, 1985. The regulations shall require licensed adoption agencies to provide the same services provided by the department as established by this subdivision.

(s) To a committee of the Legislature or to a Member of the Legislature, or his or her staff when authorized in writing by the member, where the member has permission to obtain the information from the individual to whom it pertains or where the member provides reasonable assurance that he or she is acting on behalf of the individual.

(t) (1) To the University of California or a nonprofit educational institution conducting scientific research, provided the request for information is approved by the Committee for the Protection of Human Subjects (CPHS) for the California Health and Human Services Agency (CHHSA). The CPHS approval required under this subdivision shall include a review and determination that all the following criteria have been satisfied:

(A) The researcher has provided a plan sufficient to protect personal information from improper use and disclosures, including sufficient administrative, physical, and technical safeguards to protect personal information from reasonable anticipated threats to the security or confidentiality of the information.

(B) The researcher has provided a sufficient plan to destroy or return all personal information as soon as it is no longer needed for the research project, unless the researcher has demonstrated an ongoing need for the personal information for the research project and has provided a long-term plan sufficient to protect the confidentiality of that information.

(C) The researcher has provided sufficient written assurances that the personal information will not be reused or disclosed to any other person or entity, or used in any manner, not approved in the research protocol, except as required by law or for authorized oversight of the research project.

(2) The CPHS shall, at a minimum, accomplish all of the following as part of its review and approval of the research project for the purpose of protecting personal information held in agency databases:

(A) Determine whether the requested personal information is needed to conduct the research.

(B) Permit access to personal information only if it is needed for the research project.

(C) Permit access only to the minimum necessary personal information needed for the research project.

(D) Require the assignment of unique subject codes that are not derived from personal information in lieu of social security numbers if the research can still be conducted without social security numbers.

(E) If feasible, and if cost, time, and technical expertise permit, require the agency to conduct a portion of the data processing for the researcher to minimize the release of personal information.

(3) Reasonable costs to the agency associated with the agency's process of protecting personal information under the conditions of CPHS approval may be billed to the researcher, including, but not limited to, the agency's costs for conducting a portion of the data processing for the researcher, removing personal information, encrypting or otherwise securing personal information, or assigning subject codes.

(4) This subdivision does not prohibit the CPHS from using its existing authority to enter into written agreements to enable other institutional review boards to approve projects or classes of projects for the CPHS, provided the data security requirements set forth in this subdivision are satisfied.

(u) To an insurer if authorized by Chapter 5 (commencing with Section 10900) of Division 4 of the Vehicle Code.

(v) Pursuant to Section 1909, 8009, or 18396 of the Financial Code.

This article shall not be construed to require the disclosure of personal information to the individual to whom the information pertains when that information may otherwise be withheld as set forth in Section 1798.40.

SEC. 3. Section 10850 of the Welfare and Institutions Code is amended to read:

10850. (a) Except as otherwise provided in this section, all applications and records concerning any individual made or kept by any public officer or agency in connection with the administration of any provision of this code relating to any form of public social services for which grants-in-aid are received by this state from the United States government shall be confidential, and shall not be open to examination for any purpose not directly connected with the administration of that program, or any investigation, prosecution, or criminal or civil proceeding

conducted in connection with the administration of any such program. The disclosure of any information that identifies by name or address any applicant for or recipient of these grants-in-aid to any committee or legislative body is prohibited, except as provided in subdivision (b).

(b) Except as otherwise provided in this section, no person shall publish or disclose or permit or cause to be published or disclosed any list of persons receiving public social services. Any county welfare department in this state may release lists of applicants for, or recipients of, public social services, to any other county welfare department or the State Department of Social Services, and these lists or any other records shall be released when requested by any county welfare department or the State Department of Social Services. These lists or other records shall only be used for purposes directly connected with the administration of public social services. Except for those purposes, no person shall publish, disclose, or use or permit or cause to be published, disclosed, or used any confidential information pertaining to an applicant or recipient.

Any county welfare department and the State Department of Social Services shall provide any governmental entity that is authorized by law to conduct an audit or similar activity in connection with the administration of public social services, including any committee or legislative body so authorized, with access to any public social service applications and records described in subdivision (a) to the extent of the authorization. Those committees, legislative bodies and other entities may only request or use these records for the purpose of investigating the administration of public social services, and shall not disclose the identity of any applicant or recipient except in the case of a criminal or civil proceeding conducted in connection with the administration of public social services.

However, this section shall not prohibit the furnishing of this information to other public agencies to the extent required for verifying eligibility or for other purposes directly connected with the administration of public social services, or to county superintendents of schools or superintendents of school districts only as necessary for the administration of federally assisted programs providing assistance in cash or in-kind or services directly to individuals on the basis of need. Any person knowingly and intentionally violating this subdivision is guilty of a misdemeanor.

Further, in the context of a petition for the appointment of a conservator for a person who is receiving or has received aid from a public agency, as indicated above, or in the context of a criminal prosecution for a violation of Section 368 of the Penal Code both of the following shall apply:

(1) An Adult Protective Services employee or Ombudsman may answer truthfully at any proceeding related to the petition or prosecution, when asked if he or she is aware of information that he or she believes is related to the legal mental capacity of that aid recipient or the need for a conservatorship for that aid recipient. If the Adult Protective Services employee or Ombudsman states that he or she is aware of such information, the court may order the Adult Protective Services employee or Ombudsman to testify about his or her observations and to disclose all relevant agency records.

(2) The court may order the Adult Protective Services employee or Ombudsman to testify about his or her observations and to disclose any relevant agency records if the court has other independent reason to believe that the Adult Protective Services employee or Ombudsman has information that would facilitate the resolution of the matter.

(c) The State Department of Social Services may make rules and regulations governing the custody, use, and preservation of all records, papers, files, and communications pertaining to the administration of the laws relating to public social services under their jurisdiction. The rules and regulations shall be binding on all departments, officials and employees of the state, or of any political subdivision of the state and may provide for giving information to or exchanging information with agencies, public or political subdivisions of the state, and may provide for giving information to or exchanging information with agencies, public or private, that are engaged in planning, providing, or securing social services for or in behalf of recipients or applicants; and for making case records available for research purposes, provided that making these case records available will not result in the disclosure of the identity of applicants for or recipients of public social services and will not disclose any personal information in a manner that would link the information disclosed to the individual to whom it pertains, unless the department has complied with subdivision (t) of Section 1798.24 of the Civil Code.

(d) Any person, including every public officer and employee, who knowingly secures or possesses, other than in the course of official duty, an official list or a list compiled from official sources, published or disclosed in violation of this section, of persons who have applied for or who have been granted any form of public social services for which state or federal funds are made available to the counties is guilty of a misdemeanor.

(e) This section shall not be construed to prohibit an employee of a county welfare department from disclosing confidential information concerning a public social services applicant or recipient to a state or local law enforcement agency investigating or gathering information regarding a criminal act committed in a welfare department office, a

criminal act against any county or state welfare worker, or any criminal act witnessed by any county or state welfare worker while involved in the administration of public social services at any location. Further, this section shall not be construed to prohibit an employee of a county welfare department from disclosing confidential information concerning a public social services applicant or recipient to a state or local law enforcement agency investigating or gathering information regarding a criminal act intentionally committed by the applicant or recipient against any off-duty county or state welfare worker in retaliation for an act performed in the course of the welfare worker's duty when the person committing the offense knows or reasonably should know that the victim is a state or county welfare worker. These criminal acts shall include only those that are in violation of state or local law. Disclosure of confidential information pursuant to this subdivision shall be limited to the applicant's or recipient's name, physical description, and address.

(f) The provisions of this section shall be operative only to the extent permitted by federal law and shall not apply to, but exclude, Chapter 7 (commencing with Section 14000) of this division, entitled "Basic Health Care", and for which a grant-in-aid is received by the state under Title XIX of the Social Security Act.

CHAPTER 242

An act to amend Sections 19136 and 19142 of, and to repeal Sections 19136.3, 19136.4, 19136.6, 19136.8, and 19136.11 of, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 19136 of the Revenue and Taxation Code is amended to read:

19136. (a) Section 6654 of the Internal Revenue Code, relating to failure by an individual to pay estimated income tax, shall apply, except as otherwise provided.

(b) Section 6654(a)(1) of the Internal Revenue Code is modified to refer to the rate determined under Section 19521 in lieu of Section 6621 of the Internal Revenue Code.

(c) (1) Section 6654(e)(1) of the Internal Revenue Code, relating to exceptions where the tax is a small amount, does not apply.

(2) No addition to the tax shall be imposed under this section if the tax imposed under Section 17041 or 17048 and the tax imposed under Section 17062 for the preceding taxable year, minus the sum of any credits against the tax provided by Part 10 (commencing with Section 17001) or this part, or the tax computed under Section 17041 or 17048 upon the estimated income for the taxable year, minus the sum of any credits against the tax provided by Part 10 (commencing with Section 17001) or this part, is less than two hundred dollars ($200), except in the case of a separate return filed by a married person the amount shall be less than one hundred dollars ($100).

(d) Section 6654(f) of the Internal Revenue Code does not apply and for purposes of this section the term "tax" means the tax imposed under Section 17041 or 17048 and the tax imposed under Section 17062 less any credits against the tax provided by Part 10 (commencing with Section 17001) or this part, other than the credit provided by subdivision (a) of Section 19002.

(e) The credit for tax withheld on wages, as specified in Section 6654(g) of the Internal Revenue Code, shall be the credit allowed under subdivision (a) of Section 19002.

(f) This section shall apply to a nonresident individual.

(g) (1) No addition to tax shall be imposed under this section to the extent that the underpayment was created or increased by any provision of law that is chaptered during and operative for the taxable year of the underpayment.

(2) Notwithstanding Section 18415, this section applies to penalties imposed under this section on and after January 1, 2005.

SEC. 2. Section 19136.3 of the Revenue and Taxation Code is repealed.

SEC. 3. Section 19136.4 of the Revenue and Taxation Code is repealed.

SEC. 4. Section 19136.6 of the Revenue and Taxation Code is repealed.

SEC. 5. Section 19136.8 of the Revenue and Taxation Code, as added by Section 30 of Chapter 34 of the Statutes of 2002, is repealed.

SEC. 6. Section 19136.8 of the Revenue and Taxation Code, as amended by Section 6 of Chapter 488 of the Statutes of 2002, is repealed.

SEC. 7. Section 19136.11 of the Revenue and Taxation Code is repealed.

SEC. 8. Section 19142 of the Revenue and Taxation Code is amended to read:

19142. (a) Except as provided in Sections 19147 and 19148 and subdivision (b), in the case of any underpayment of tax imposed under Part 11 (commencing with Section 23001) there shall be added to the tax for the taxable year an amount determined at the rate established under Section 19521 on the amount of the underpayment for the period of the underpayment.

(b) (1) No addition to tax shall be imposed under this section to the extent that the underpayment was created or increased by any provision of law that is chaptered during and operative for the taxable year of the underpayment.

(2) Notwithstanding Section 18415, this subdivision applies to penalties imposed on and after January 1, 2005.

SEC. 9. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide relief to certain taxpayers that would otherwise be unreasonably penalized, it is necessary that this act take effect immediately.

CHAPTER 243

An act to amend Section 130150 of, and to add Section 130151 to, the Health and Safety Code, relating to child development.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 130150 of the Health and Safety Code is amended to read:

130150. (a) On or before October 15 of each year, each county commission shall conduct an audit of, and issue a written report on the implementation and performance of, its functions during the preceding fiscal year, including, at a minimum, the manner in which funds were expended, the progress toward, and the achievement of, program goals and objectives, and information on programs funded and populations served for all funded programs.

On or before November 1 of each year, each county commission shall submit its audit and report to the state commission for inclusion in the state commission's consolidated report required in subdivision (b). Each

commission shall submit its report in a format prescribed by the state commission if the state commission approves that format in a public meeting prior to the fiscal year during which it is to be used by the county commissions. The state commission shall develop the format in consultation with the county commissions.

(b) The state commission shall, on or before January 31 of each year, do both of the following:

(1) Conduct an audit and prepare a written report on the implementation and performance of the state commission functions during the preceding fiscal year, including, at a minimum, the manner in which funds were expended and the progress toward, and the achievement of, program goals and objectives.

(2) Prepare a written report that consolidates, summarizes, analyzes, and comments on the annual audits and reports submitted by all of the county commissions and the Controller for the preceding fiscal year. The written report shall include a listing, by category, of the aggregate expenditures on program areas funded by the state and county commissions pursuant to the purposes of this act, according to a format prescribed by the state commission. This report by the state commission shall be transmitted to the Governor, the Legislature, and each county commission.

(3) In the event a county commission does not submit the information prescribed in subdivision (a), the state commission may withhold funds that would otherwise have been allocated to the county commission from the California Children and Families Trust Fund pursuant to Section 130140 until the county commission submits the data as required by subdivision (a).

(c) The state commission shall make copies of each of its annual audits and reports available to members of the general public on request and at no cost. The state commission shall furnish each county commission with copies of those documents in a number sufficient for local distribution by the county commission to members of the general public on request and at no cost.

(d) Each county commission shall make copies of its annual audits and reports available to members of the general public on request and at no cost.

SEC. 2. Section 130151 is added to the Health and Safety Code, to read:

130151. (a) In addition to the requirements in Section 130150, the Controller shall issue guidelines for expanded annual audits of each county commission required pursuant to subdivision (b) of Section 130150 and associated quality control functions, subject to funding by the state commission.

(b) The scope of the audits shall address a review of county commission policies and practices with respect to the following elements:

(1) Contracting and procurement policies, to determine whether they are in place pursuant to paragraph (4) of subdivision (d) of Section 130140, whether state and county commissions are operating in accordance with these policies, and whether these policies contain provisions to ensure that the grants and contracts are consistent with the state or county commission's strategic plan.

(2) Administrative costs, to ensure that the county commission's definitions comply with the state commission's guidelines and that the county commission has a process in place to monitor these costs.

(3) Policies and procedures, established pursuant to paragraph (4) of subdivision (d) of Section 130140, designed to assure compliance by the state commission and county commissions with all applicable state and local conflict-of-interest statutes and regulations.

(4) Policies and practices designed to assure that county commissions are adhering to county commission ordinances established pursuant to paragraph (1) of subdivision (a) of Section 130140.

(5) Long-range financial plans, to determine whether state and county commissions have these plans and that the plans have been formally adopted by the commission in a public hearing.

(6) Financial condition of the commission.

(7) Amount commissions spend on program evaluation and the documented results of these expenditures.

(8) Salaries and benefit policies, to determine whether the county commission's employee salaries and benefits comply with the policies that the county commission adopted pursuant to paragraph (6) of subdivision (d) of Section 130140.

(c) The auditor for the state commission or the county commission shall submit each audit report, upon completion, simultaneously to both the Controller and to the state commission or applicable county commission.

(d) The state commission and each respective county commission shall schedule a public hearing within two months of receipt of the audit to discuss findings within the report and any response to the findings. Within two weeks of the public hearing, the state or county commission shall submit to the Controller a response to the audit findings.

(e) Within six months of the state or county commission's response pursuant to subdivision (d), the Controller shall determine whether a county commission has successfully corrected its practices in response to the findings contained in the audit report. The Controller may, after that determination, recommend to the state commission to withhold the allocation of money that the county commission would otherwise receive

from the California Children and Families Trust Fund until the Controller determines that the county commission has a viable plan and the ability to correct the practices identified in the audit.

(f) The Controller shall prepare a summary report of the final audits and submit the report to the state commission by November 1 of each year for inclusion in the annual report required pursuant to subdivision (b) of Section 130150.

(g) On or before April 30, 2006, the Controller shall present to the state commission in a public meeting the final audit guidelines and implementation plan. When developing the guidelines, the Controller shall consider the reasonableness of the projected costs and administrative burden of the required audit functions.

SEC. 3. This act shall only become operative if Assembly Bill 109 of the 2005-06 Regular Session is enacted and becomes operative.

SEC. 4. The Legislature finds and declares that this act furthers the California Children and Families Act of 1998 enacted by Proposition 10 at the November 3, 1998, general election, and is consistent with its purposes.

CHAPTER 244

An act to add Chapter 28.5 (commencing with Section 22928) to Division 8 of the Business and Professions Code, relating to transportation.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Chapter 28.5 (commencing with Section 22928) is added to Division 8 of the Business and Professions Code, to read:

CHAPTER 28.5. INTERMODAL MARINE TERMINALS

22928. (a) The Legislature finds and declares that unilateral termination, suspension, or restriction of equipment interchange rights of an intermodal motor carrier shall not result from intermodal marine terminal actions as specified in subdivision (b).

(b) An intermodal marine equipment provider or intermodal marine terminal operator shall not impose per diem, detention, or demurrage charges on an intermodal motor carrier relative to transactions involving

cargo shipped by intermodal transport under any of the following circumstances:

(1) When the intermodal marine or terminal truck gate is closed during posted normal working hours. No per diem, detention, or demurrage charges shall be imposed on a weekend or holiday, or during a labor disruption period, or during any other period involving an act of God or any other planned or unplanned action that closes the truck gate.

(2) When the intermodal marine terminal decides to divert equipment without 48 hours' electronic or written notification to the motor carrier.

(3) When the intermodal marine terminal is assessed a fine pursuant to Section 40720 of the Health and Safety Code.

(4) When the intermodal marine terminal equipment is out of compliance pursuant to Section 34505.9 of the Vehicle Code or the equipment is placed out of service.

(5) When a loaded container is not available for pickup when the motor carrier arrives at the intermodal marine terminal.

(6) When the intermodal marine terminal is too congested to accept the container and turns away the motor carrier.

(c) An intermodal marine equipment provider shall not take any of the following actions:

(1) Charge back, deduct, or offset per diem charges, maintenance and repair charges, or peak hour pricing from a motor carrier's freight bill.

(2) Unilaterally terminate, suspend, or restrict the equipment interchange rights of a motor carrier or driver that uses the dispute resolution process contained in the Uniform Intermodal Interchange and Facilities Access Agreement to contest a charge, fee, or fine, including a charge for maintenance and repairs imposed by the intermodal marine terminal, while the dispute resolution process is ongoing.

(3) Unilaterally terminate, suspend, or restrict the equipment interchange rights of a motor carrier for late payment of an undisputed invoice from the intermodal marine terminal, provided that the payment is no more than 60 days late.

(4) Unilaterally terminate, suspend, or restrict the equipment interchange rights of a motor carrier or driver for parking tickets issued by the marine terminal unless the tickets remain unpaid more than 60 days after being in receipt of the driver or motor carrier. No parking tickets shall be issued by the marine terminal to a driver or motor carrier for a parking violation if the assigned spot was occupied and the trouble window or terminal administration was unable to immediately provide a place to park, or if the driver was instructed to park the equipment in a different spot by marine terminal personnel or security.

(5) Willfully attempt to circumvent any provisions of this section or to fail, for any reason other than what is specified in the governing port

tariff, to collect demurrage when due and payable and when consistent with this section. An intermodal motor carrier shall not be liable for any portion of demurrage when an intermodal container is not picked up during free time, which is the time period before demurrage charges are to be applied.

(d) As used in this chapter:

(1) "Per diem," "detention," or "demurrage" means a charge imposed by an equipment provider or marine terminal operator for late return or pickup of an empty or a loaded intermodal container and chassis.

(2) "Closed" means not open or available to receive equipment. The marine terminal shall have posted working hours, and "closed" shall mean that the terminal is not open to release or accept equipment during those posted working hours.

(3) "Divert equipment" means the motor carrier has been directed to return the equipment to a location different from the location where the equipment was picked up by the motor carrier.

(4) "Shall not impose per diem, detention, or demurrage charges on an intermodal carrier" shall apply to the day or days in question that an occurrence referenced in subdivision (b) took place.

(5) "Intermodal marine terminal" means a marine terminal location or facility that engages in discharging or receiving equipment owned, operated, or controlled by an equipment provider.

(6) "Written or electronic notification" means any communication by postal letter, facsimile, electronic mail, or other electronic notification.

CHAPTER 245

An act to amend Sections 51203, 51283, 51283.4, and 51283.5 of the Government Code, relating to land conservation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 51203 of the Government Code is amended to read:

51203. (a) The assessor shall determine the current fair market value of the land as if it were free of the contractual restriction pursuant to Section 51283. The Department of Conservation or the landowner, also referred to in this section as "parties," may provide information to assist

the assessor to determine the value. Any information provided to the assessor shall be served on the other party, unless the information was provided at the request of the assessor, and would be confidential under law if required of an assessee.

(b) Within 45 days of receiving the assessor's notice pursuant to subdivision (a) of Section 51283 or 51283.4, if the Department of Conservation or the landowner believes that the current fair market valuation certified pursuant to subdivision (b) of Section 51283 or Section 51283.4 is not accurate, the department or the landowner may request formal review from the county assessor in the county considering the petition to cancel the contract. The department or the landowner shall submit to the assessor and the other party the reasons for believing the valuation is not accurate and the additional information the requesting party believes may substantiate a recalculation of the property valuation. The assessor may recover his or her reasonable costs of the formal review from the party requesting the review, and may provide an estimate of those costs to the requesting party. The recovery of these costs from the department may be deducted by the city or county from the cancellation fees received pursuant to this chapter prior to transmittal to the Controller for deposit in the Soil Conservation Fund.

(1) If no request is made within 45 days of receiving notice by certified mail of the valuation, the assessor's valuation shall be used to calculate the fee.

(2) Upon receiving a request for formal review, the assessor shall formally review his or her valuation if, based on the determination of the assessor, the information may have a material effect on valuation of the property. The assessor shall notify the parties that the formal review is being undertaken and that information to aid the assessor's review shall be submitted within 30 days of the date of the notice to the parties. Any information submitted to the assessor shall be served on the other party who shall have 30 days to respond to that information to the assessor. If the response to the assessor contains new information, the party receiving that response shall have 20 days to respond to the assessor as to the new information. All submittals and responses to the assessor shall be served on the other party by personal service or an affidavit of mailing. The assessor shall avoid ex parte contacts during the formal review and shall report any such contacts to the department and the landowner at the same time the review is complete. The assessor shall complete the review no later than 120 days of receiving the request.

(3) At the conclusion of the formal review, the assessor shall either revise the cancellation valuation or determine that the original cancellation valuation is accurate. The assessor shall send the revised valuation or notice of the determination that the valuation is accurate to

the department, the landowner, and the board or council considering the petition to cancel the contract. The assessor shall include a brief narrative of what consideration was given to the items of information and responses directly relating to the cancellation value submitted by the parties. The assessor shall give no consideration to a party's information or response that was not served on the other party. If the assessor denies a formal review, a brief narrative shall be provided to the parties indicating the basis for the denial, if requested.

(c) For purposes of this section, the valuation date of any revised valuation pursuant to formal review or following judicial challenge shall remain the date of the assessor's initial valuation, or his or her initial recomputation pursuant to Section 51283.4. For purposes of cancellation fee calculation in a tentative cancellation as provided in Section 51283, or in a recomputation for final cancellation as provided in Section 51283.4, a cancellation value shall be considered current for one year after its determination and certification by the assessor.

(d) Notwithstanding any other provision of this section, the department and the landowner may agree on a cancellation valuation of the land. The agreed valuation shall serve as the cancellation valuation pursuant to Section 51283 or Section 51283.4. The agreement shall be transmitted to the board or council considering the petition to cancel the contract.

(e) This section represents the exclusive administrative procedure for appealing a cancellation valuation calculated pursuant to this section. The Department of Conservation shall represent the interests of the state in the administrative and judicial remedies for challenging the determination of a cancellation valuation or cancellation fee.

SEC. 2. Section 51283 of the Government Code is amended to read:

51283. (a) Prior to any action by the board or council giving tentative approval to the cancellation of any contract, the county assessor of the county in which the land is located shall determine the current fair market value of the land as though it were free of the contractual restriction. The assessor shall certify to the board or council the cancellation valuation of the land for the purpose of determining the cancellation fee. At the same time, the assessor shall send a notice to the landowner and the Department of Conservation indicating the current fair market value of the land as though it were free of the contractual restriction and advise the parties, that upon their request, the assessor shall provide all information relevant to the valuation, excluding third-party information. If any information is confidential or otherwise protected from release, the department and the landowner shall hold it as confidential and return or destroy any protected information upon termination of all actions relating to valuation or cancellation of the contract on the property. The

notice shall also advise the landowner and the department of the opportunity to request formal review from the assessor.

(b) Prior to giving tentative approval to the cancellation of any contract, the board or council shall determine and certify to the county auditor the amount of the cancellation fee that the landowner shall pay the county treasurer upon cancellation. That fee shall be an amount equal to 12½ percent of the cancellation valuation of the property.

(c) If it finds that it is in the public interest to do so, the board or council may waive any payment or any portion of a payment by the landowner, or may extend the time for making the payment or a portion of the payment contingent upon the future use made of the land and its economic return to the landowner for a period of time not to exceed the unexpired period of the contract, had it not been canceled, if all of the following occur:

(1) The cancellation is caused by an involuntary transfer or change in the use which may be made of the land and the land is not immediately suitable, nor will be immediately used, for a purpose which produces a greater economic return to the owner.

(2) The board or council has determined that it is in the best interests of the program to conserve agricultural land use that the payment be either deferred or is not required.

(3) The waiver or extension of time is approved by the Secretary of the Resources Agency. The secretary shall approve a waiver or extension of time if the secretary finds that the granting of the waiver or extension of time by the board or council is consistent with the policies of this chapter and that the board or council complied with this article. In evaluating a request for a waiver or extension of time, the secretary shall review the findings of the board or council, the evidence in the record of the board or council, and any other evidence the secretary may receive concerning the cancellation, waiver, or extension of time.

(d) The first two million thirty-six thousand dollars ($2,036,000) of revenue paid to the Controller pursuant to subdivision (e) in the 2004-05 fiscal year, and any other amount as approved in the final Budget Act for each fiscal year thereafter, shall be deposited in the Soil Conservation Fund, which is continued in existence. The money in the fund is available, when appropriated by the Legislature, for the support of all of the following:

(1) The cost of the farmlands mapping and monitoring program of the Department of Conservation pursuant to Section 65570.

(2) The soil conservation program identified in Section 614 of the Public Resources Code.

(3) Program support costs of this chapter as administered by the Department of Conservation.

(4) Program support costs incurred by the Department of Conservation in administering the open-space subvention program (Chapter 3 (commencing with Section 16140) of Part 1 of Division 4 of Title 2).

(e) When cancellation fees required by this section are collected, they shall be transmitted by the county treasurer to the Controller and deposited in the General Fund, except as provided in subdivision (d) of this section and subdivision (b) of Section 51203. The funds collected by the county treasurer with respect to each cancellation of a contract shall be transmitted to the Controller within 30 days of the execution of a certificate of cancellation of contract by the board or council, as specified in subdivision (b) of Section 51283.4.

(f) It is the intent of the Legislature that fees paid to cancel a contract do not constitute taxes but are payments that, when made, provide a private benefit that tends to increase the value of the property.

SEC. 3. Section 51283.4 of the Government Code is amended to read:

51283.4. (a) Upon tentative approval of a petition accompanied by a proposal for a specified alternative use of the land, the clerk of the board or council shall record in the office of the county recorder of the county in which is located the land as to which the contract is applicable a certificate of tentative cancellation, which shall set forth the name of the landowner requesting the cancellation, the fact that a certificate of cancellation of contract will be issued and recorded at the time that specified conditions and contingencies are satisfied, a description of the conditions and contingencies which must be satisfied, and a legal description of the property. Conditions to be satisfied shall include payment in full of the amount of the fee computed under the provisions of Section 51283, together with a statement that unless the fee is paid, or a certificate of cancellation of contract is issued within one year from the date of the recording of the certificate of tentative cancellation, the fee shall be recomputed as of the date of notice described in subdivision (b) or the date the landowner requests a recomputation. A landowner may request a recomputation when he or she believes that he or she will be able to satisfy the conditions and contingencies of the certificate of cancellation within 180 days. The board or council shall request the assessor to recompute the cancellation valuation. The assessor shall recompute the valuation, certify it to the board or council, and provide notice to the Department of Conservation and landowner as provided in subdivision (a) of Section 51283, and the board or council shall certify the fee to the county auditor. Any provisions related to the waiver of the fee or portion thereof shall be treated in the manner provided for in the certificate of tentative cancellation. Contingencies to be satisfied shall include a requirement that the landowner obtain all permits necessary

to commence the project. The board or council may, at the request of the landowner, amend a tentatively approved specified alternative use if it finds that the amendment is consistent with the findings made pursuant to subdivision (a) of Section 51282.

(b) The landowner shall notify the board or council when he or she has satisfied the conditions and contingencies enumerated in the certificate of tentative cancellation. Within 30 days of receipt of the notice, and upon a determination that the conditions and contingencies have been satisfied, the board or council shall execute a certificate of cancellation of contract, cause the certificate to be recorded, and send a copy to the Director of Conservation.

(c) If the landowner has been unable to satisfy the conditions and contingencies enumerated in the certificate of tentative cancellation, the landowner shall notify the board or council of the particular conditions or contingencies he or she is unable to satisfy. Within 30 days of receipt of the notice, and upon a determination that the landowner is unable to satisfy the conditions and contingencies listed, the board or council shall execute a certificate of withdrawal of tentative approval of a cancellation of contract and cause the same to be recorded. However, the landowner shall not be entitled to the refund of any cancellation fee paid.

SEC. 4. Section 51283.5 of the Government Code is amended to read:

51283.5. (a) The Legislature finds and declares that cancellation fees should be calculated in a timely manner and disputes over cancellation fees should be resolved before a city or county approves a tentative cancellation. However, the city or county may approve a tentative cancellation notwithstanding an assessor's formal review or judicial challenge to the cancellation value or fee.

(b) If the valuation changes after the approval of a tentative cancellation, the certificate of tentative cancellation shall be amended to reflect the correct valuation and cancellation fee.

(c) If the landowner wishes to pay a cancellation fee when a formal review has been requested, he or she may pay the fee required in the current certificate of cancellation and provide security determined to be adequate by the Department of Conservation for 20 percent of the cancellation fee based on the assessor's valuation. The board or council shall hold the security and release it immediately upon full payment of the cancellation fee determined pursuant to Section 51203.

(d) The city or county may approve a final cancellation notwithstanding a pending formal review or judicial challenge to the cancellation valuation or fee. The certificate of final cancellation shall include the following statements:

(1) That formal review or judicial challenge of the cancellation valuation or fee is pending.

(2) That the fee may be adjusted, based upon the outcome of the review or challenge.

(3) The identity of the party who will be responsible for paying any additional fee or will receive any refund.

(4) The form and amount of security provided by the landowner or other responsible party and approved by the Department of Conservation.

(e) Upon resolution, the landowner or the party identified in the certificate shall either pay the balance owed to the county treasurer, or receive from the county treasurer or the controller any amount of overpayment, and shall also be entitled to the immediate release of any security.

(f) (1) If a party does not receive the notice required pursuant to Section 51203, 51283, 51283.4, or 51284, a judicial challenge to the cancellation valuation may be filed within three years of the latest of the applicable following events:

(A) The board or council certification of the fee pursuant to subdivision (b) of Section 51283, or for fees recomputed pursuant to Section 51283.4, the execution of a certificate of cancellation under that section.

(B) The date of the assessor's determination pursuant to paragraph (3) of subdivision (b) of Section 51203.

(C) The service of notice to the Director of Conservation of the board or council's recorded certificate of final cancellation.

(2) If a party did receive the required notice pursuant to Section 51203, 51283, 51283.4, or 51284, a judicial challenge to the cancellation valuation may be filed only after the party has exhausted his or her administrative remedies through the formal review process specified in Section 51203, and only within 180 days of the latest of the applicable following events:

(A) The board or council certification of the fee pursuant to subdivision (b) of Section 51283 or for fees recomputed pursuant to Section 51283.4, the execution of a certificate of cancellation under that section.

(B) The date of the assessor's determination pursuant to paragraph (3) of subdivision (b) of Section 51203.

(C) The service of notice to the Director of Conservation or the board or council's recorded certificate of final cancellation.

SEC. 5. The Legislature finds and declares that the amendments made by Chapter 794 of the Statutes of 2004 or by this act shall not apply to petitions that have been accepted as complete pursuant to Section 51284.1 of the Government Code prior to January 1, 2005.

SEC. 6. 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.

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:

This act contains amendments that were inadvertently omitted from the measure enacting Chapter 794 of the Statutes of 2004. In order for the formal review process of land conservation contract cancellation to work properly and to ensure certainty in the results for local agencies, landowners, and the Department of Conservation, it is necessary that this act take effect immediately.

CHAPTER 246

An act to make an appropriation in augmentation of the Budget Act of 2004, relating to contingencies and emergencies, to take effect immediately as an appropriation for the usual current expenses of the state.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. The sum of seventy-four million eight hundred fifteen thousand dollars ($74,815,000) is hereby appropriated for expenditures for the 2004-05 fiscal year in augmentation of Item 9840-001-0001 of Section 2.00 of the Budget Act of 2004 (Chapter 208 of the Statutes of 2004). Notwithstanding Provision 7 of Item 9840-001-0001, these funds shall be allocated by the State Controller in accordance with the following schedule:

(1) Fourteen million six hundred eleven thousand dollars ($14,611,000) to Item 0450-111-0001.

(2) Nineteen million one hundred eighty-two thousand dollars ($19,182,000) to Item 4440-011-0001, Schedule (2) 20.20–Long-Term Care Services–Penal Code and Judicially Committed.

(3) Forty million three hundred eighty-two thousand dollars ($40,382,000) to Item 5460-001-0001. Of this amount, forty million one hundred seven thousand dollars (40,107,000) shall be allocated to Schedule (1) 20–Institutions and Camps, and two hundred seventy-five thousand ($275,000) shall be allocated to Schedule (2) 30–Parole Services.

(4) Six hundred forty thousand dollars ($640,000) to Item 8965-001-0001–Schedule (1) 30 Care of Sick and Disabled Veterans.

SEC. 2. The sum of fourteen million six hundred eleven thousand dollars ($14,611,000) is hereby appropriated for expenditures for the 2004-05 fiscal year in augmentation of Item 9840-001-0494 of Section 2.00 of the Budget Act of 2004 (Chapter 208 of the Statutes of 2004). Notwithstanding Provision 7 of Item 9840-001-0001, these funds shall be allocated by the State Controller in accordance with the following schedule:

(1) Fourteen million six hundred eleven thousand dollars ($14,611,000) to Item 0450-101-0932 (1) 10–Support for operation of the Trial Courts.

SEC. 3. Any unencumbered balance, as of the effective date of this act, of the funds appropriated within any of the items identified in Section 1 shall revert to the General Fund.

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.

CHAPTER 247

An act to amend Section 17529.5 of the Business and Professions Code, relating to advertising.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 17529.5 of the Business and Professions Code is amended to read:

17529.5. (a) It is unlawful for any person or entity to advertise in a commercial e-mail advertisement either sent from California or sent to a California electronic mail address under any of the following circumstances:

(1) The e-mail advertisement contains or is accompanied by a third-party's domain name without the permission of the third party.

(2) The e-mail advertisement contains or is accompanied by falsified, misrepresented, or forged header information. This paragraph does not apply to truthful information used by a third party who has been lawfully authorized by the advertiser to use that information.

(3) The e-mail advertisement has a subject line that a person knows would be likely to mislead a recipient, acting reasonably under the circumstances, about a material fact regarding the contents or subject matter of the message.

(b) (1) (A) In addition to any other remedies provided by any other provision of law, the following may bring an action against a person or entity that violates any provision of this section:

(i) The Attorney General.

(ii) An electronic mail service provider.

(iii) A recipient of an unsolicited commercial e-mail advertisement, as defined in Section 17529.1.

(B) A person or entity bringing an action pursuant to subparagraph (A) may recover either or both of the following:

(i) Actual damages.

(ii) Liquidated damages of one thousand dollars ($1,000) for each unsolicited commercial e-mail advertisement transmitted in violation of this section, up to one million dollars ($1,000,000) per incident.

(C) The recipient, an electronic mail service provider, or the Attorney General, if the prevailing plaintiff, may also recover reasonable attorney's fees and costs.

(D) However, there shall not be a cause of action under this section against an electronic mail service provider that is only involved in the routine transmission of the e-mail advertisement over its computer network.

(2) If the court finds that the defendant established and implemented, with due care, practices and procedures reasonably designed to effectively prevent unsolicited commercial e-mail advertisements that are in violation of this section, the court shall reduce the liquidated damages recoverable under paragraph (1) to a maximum of one hundred dollars ($100) for each unsolicited commercial e-mail advertisement, or a maximum of one hundred thousand dollars ($100,000) per incident.

(3) (A) A person who has brought an action against a party under this section shall not bring an action against that party under Section 17529.8 or 17538.45 for the same commercial e-mail advertisement, as defined in subdivision (c) of Section 17529.1.

(B) A person who has brought an action against a party under Section 17529.8 or 17538.45 shall not bring an action against that party under

this section for the same commercial e-mail advertisement, as defined in subdivision (c) of Section 17529.1.

(c) A violation of this section is a misdemeanor, punishable by a fine of not more than one thousand dollars ($1,000), imprisonment in a county jail for not more than six months, or both that fine and imprisonment.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 248

An act to amend Sections 142051, 142105, 142260, and 142263 of the Public Utilities Code, relating to transportation.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 142051 of the Public Utilities Code is amended to read:

142051. The authority shall consist of nine members selected as follows:

(a) Two members of the board of supervisors appointed by the board, consisting of one member from rural district 1, 4, or 5 and one member from urban district 2 or 3.

(b) Two members representing the City of Fresno, consisting of the mayor thereof and a member of the city council of that city appointed by the city council.

(c) One member representing the City of Clovis appointed by the city council of that city.

(d) Two members representing the other cities within the county, consisting of one westside member appointed by a committee comprised of the mayors of each of those cities west of State Highway Route 99, and one eastside member appointed by a committee comprised of the mayors of each of those cities east of State Highway Route 99.

(e) Two members of the public at large, consisting of one member appointed by the board of supervisors with the appointee residing outside of the incorporated areas of Fresno and Clovis, and one member appointed jointly by the city councils of Fresno and Clovis with the appointee residing within the incorporated area of Fresno or Clovis.

SEC. 2. Section 142105 of the Public Utilities Code is amended to read:

142105. The authority shall do all the following:

(a) Adopt an annual budget.

(b) Adopt an administrative code, by ordinance, which prescribes the powers and duties of the authority officers, the method of appointment of the authority employees, and methods, procedures, and systems of operations and management of the authority.

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

(d) Appoint a policy advisory committee composed of one representative of each city in the county and one representative of the county. Each representative on the committee shall be an elected official. If a representative ceases to be an elected official, that representative shall cease to be a member of the committee, and another representative from that city or county, as the case may be, shall be appointed. No person shall serve on the authority and on the committee at the same time.

(e) Establish a citizens oversight committee with membership, method of appointment, roles, and responsibilities in accordance with and as defined in the initial expenditure plan prepared for the purposes of the extension of the retail transactions and use tax.

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

SEC. 3. Section 142260 of the Public Utilities Code is amended to read:

142260. (a) The authority may, by the affirmative vote of a majority of the members, approve the updated expenditure plan adopted pursuant to Section 142258.

(b) The authority may amend the expenditure plan adopted pursuant to Section 142258, if required, subject to all of the following conditions:

(1) The authority shall take all appropriate actions to give highest priority to the projects in the initial expenditure plan, and if any amendments delay or delete any project in the initial plan, the authority shall hold a public hearing and adopt a resolution initiating the amendments that specifically detail the reason why the amendments are necessary relative to conditions beyond the control of the authority.

(2) The authority shall notify the transportation planning agency, the board of supervisors, and the city council of each city in the county and provide them with a copy of the proposed amendments.

(3) The amendment is approved by the board of supervisors.

(4) The amendment is approved by a majority of the cities constituting a majority of the population residing in the incorporated areas of the county.

(c) The proposed amendments shall become effective immediately upon completion of the approval process in subdivision (b).

SEC. 4. Section 142263 of the Public Utilities Code is amended to read:

142263. (a) The board of supervisors, or its designee, as part of the ballot proposition to approve the imposition of a retail transactions and use tax, shall seek authorization from the electors to issue bonds payable solely from the proceeds of the tax.

(b) The maximum bonded indebtedness which may be authorized shall be an amount equal to the sum of the principal and interest on the bonds, not to exceed the estimated proceeds of the tax, for a period of not more than 30 years. The actual wording of the proposition on any short form of ballot card, label, or other device, regardless of the system of voting used, shall include all of the following:

(1) The nature of the tax to be imposed.

(2) The tax rate or the maximum tax rate.

(3) The period during which the tax will be imposed.

(4) The purposes for which the revenue derived from the tax will be used.

(c) The sample ballot to be mailed to the voters, pursuant to Section 13303 of the Elections Code, shall include the full proposition, and the voter information handbook shall include the entire expenditure plan adopted by the authority.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

CHAPTER 249

An act to amend Section 56036 of, and to repeal and add Division 3 (commencing with Section 61000) of Title 6 of, the Government Code,

and to amend and renumber Section 20685.5 of, to add Section 20682.5 to, to repeal Section 20685 of, and to repeal and add Section 20682 of, the Public Contract Code, relating to community services districts.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. 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 any of the following:

(A) A fire protection district.

(B) A mosquito abatement and vector control district.

(C) A public cemetery district.

(D) A recreation and park district.

(E) A community services 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. 2. Division 3 (commencing with Section 61000) of Title 6 of the Government Code is repealed.

SEC. 3. Division 3 (commencing with Section 61000) is added to Title 6 of the Government Code, to read:

DIVISION 3. COMMUNITY SERVICES DISTRICTS

PART 1. GENERAL PROVISIONS

CHAPTER 1. INTRODUCTORY PROVISIONS

61000. This division shall be known and may be cited as the Community Services District Law.

61001. (a) The Legislature finds and declares all of the following:

(1) The differences among California's communities reflect the broad diversity of the state's population, geography, natural resources, history, and economy.

(2) The residents and property owners in California's diverse communities desire public facilities and services that promote the public peace, health, safety, and welfare.

(3) Responding to these communities' desires, the Legislature enacted the Community Services District Law in 1951, and reenacted the Community Services District Law in 1955.

(4) Between 1955 and 2005, the voters in more than 300 communities have formed community services districts to achieve local governance, provide needed public facilities, and supply public services.

(5) Since then, the Legislature has amended the Community Services District Law in many ways, resulting in a statute that can be difficult for residents, property owners, and public officials to understand and administer.

(6) There is a need to revise the Community Services District Law to achieve statutory clarity and provide a framework for local governance that California's diverse communities can adapt to their local conditions, circumstances, and resources.

(7) The enactment of this division is necessary for the public peace, health, safety, and welfare.

(b) The Legislature finds and declares that for many communities, community services districts may be any of the following:

(1) A permanent form of governance that can provide locally adequate levels of public facilities and services.

(2) An effective form of governance for combining two or more special districts that serve overlapping or adjacent territory into a multifunction special district.

(3) A form of governance that can serve as an alternative to the incorporation of a new city.

(4) A transitional form of governance as the community approaches cityhood.

(c) In enacting this division, it is the intent of the Legislature:

(1) To continue a broad statutory authority for a class of limited-purpose special districts to provide a wide variety of public facilities and services.

(2) To encourage local agency formation commissions to use their municipal service reviews, spheres of influence, and boundary powers, where feasible and appropriate, to combine special districts that serve overlapping or adjacent territory into multifunction community services districts.

(3) That residents, property owners, and public officials use the powers and procedures provided by the Community Services District Law to meet the diversity of the local conditions, circumstances, and resources.

61002. Unless the context requires otherwise, as used in this division, the following terms shall have the following meanings:

(a) "At large" means the election of members of the board of directors all of whom are elected by the voters of the entire district.

(b) "Board of directors" means the board of directors of a district that establishes policies for the operation of the district.

(c) "By divisions" means the election of members of the board of directors who are residents of the division from which they are elected only by voters of the division.

(d) "District" means a community services district created pursuant to this division or any of its statutory predecessors.

(e) "From divisions" means the election of members of the board of directors who are residents of the division from which they are elected by the voters of the entire district.

(f) "General manager" means the highest level management appointee who is directly responsible to the board of directors for the implementation of the policies established by the board of directors.

(g) "Graffiti abatement" means the power to prevent graffiti on public or private property, receive reports of graffiti on public or private property, provide rewards not to exceed one thousand dollars ($1,000) for information leading to the arrest and conviction of persons who apply graffiti on public or private property, abate graffiti as a public nuisance pursuant to Section 731 of the Code of Civil Procedure, remove graffiti from public or private property, and use the services of persons ordered by a court to remove graffiti.

(h) "Latent power" means those services and facilities authorized by Part 3 (commencing with Section 61100) that the local agency formation commission has determined, pursuant to subdivision (h) of Section 56425, that a district did not provide prior to January 1, 2006.

(i) "President" or "chair" means the presiding officer of the board of directors.

(j) "Principal county" means the county having all or the greatest portion of the entire assessed valuation, as shown on the last equalized assessment roll of the county or counties, of all taxable property in the district.

(k) "Secretary" means the secretary of the board of directors.

(*l*) "Voter" means a voter as defined by Section 359 of the Elections Code.

(m) "Zone" means a zone formed pursuant to Chapter 5 (commencing with Section 61140) of Part 3.

61003. (a) This division provides the authority for the organization and powers of community services districts. This division succeeds the former Division 3 (commencing with Section 61000) as added by Chapter 1746 of the Statutes of 1955, as subsequently amended, and any of its statutory predecessors.

(b) Any community services district organized or reorganized pursuant to the former Division 3 or any of its statutory predecessors which was in existence on January 1, 2006, shall remain in existence as if it had been organized pursuant to this division.

(c) Any improvement district of a community services district formed pursuant to the former Chapter 5 (commencing with Section 61710) of the former Part 5 or any of its statutory predecessors which was in existence on January 1, 2006, shall be deemed to be a zone as if it had been formed pursuant to Chapter 5 (commencing with Section 61140) of Part 3.

(d) Any zone of a community services district formed pursuant to the former Chapter 2 (commencing with Section 61770) of the former Part 6 or any of its statutory predecessors which was in existence on January 1, 2006, shall remain in existence as if it had been organized pursuant to this division.

(e) Any indebtedness, bond, note, certificate of participation, contract, special tax, benefit assessment, fee, election, ordinance, resolution, regulation, rule, or any other action of a district taken pursuant to the former Division 3 or any of its statutory predecessors which was taken before January 1, 2006, shall not be voided solely because of any error, omission, informality, misnomer, or failure to comply strictly with this division.

(f) Any approval or determination, including, but not limited to, terms and conditions made with respect to a district by a local agency formation commission prior to January 1, 2006, shall remain in existence.

61004. This division shall be liberally construed to effectuate its purposes.

61005. If any provision of this division or the application of any provision of this division in any circumstance or to any person, county,

city, special district, school district, the state, or any agency or subdivision of the state is held invalid, that invalidity shall not affect other provisions or applications of this division that can be given effect without the invalid provision or application of the invalid provision, and to this end the provisions of this division are severable.

61006. (a) Any action to determine the validity of the organization 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 action to determine the validity of any bonds, warrants, contracts, obligations, or evidences of indebtedness 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.

(c) Any judicial action to compel performance of an action by a district, its officers, or its directors shall be brought pursuant to Section 1084 of the Code of Civil Procedure.

(d) Any judicial review of any administrative act taken after a hearing by a district shall be brought pursuant to Section 1094.5 of the Code of Civil Procedure.

61007. (a) Territory, whether incorporated or unincorporated, whether contiguous or noncontiguous, whether in one or more counties, may be included in a district.

(b) Except as provided in this part, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3 (commencing with Section 56000) of Title 5, shall govern any change of organization or reorganization of a district. In the case of any conflict between that division and this division, the provisions of this division shall prevail.

(c) A district shall be deemed an "independent special district," as defined by Section 56044, except when a county board of supervisors or a city council is the board of directors.

61008. (a) Except as otherwise provided in this division, districts are subject to the Uniform District Election Law, Part 4 (commencing with Section 10500) of Division 10 of the Elections Code.

(b) A board of directors may require that the election of members to the board of directors shall be held on the same day as the statewide general election pursuant to Section 10404 of the Elections Code.

(c) A district may conduct any election by all-mailed ballots pursuant to Division 4 (commencing with Section 4000) of the Elections Code.

(d) A district may hold advisory elections pursuant to Section 9603 of the Elections Code.

61009. Whenever the boundaries of a district or a zone change, the district shall comply with Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5.

Chapter 2. Formation

61010. A new district may be formed pursuant to this chapter.

61011. (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. In addition, the petition shall do all of the following:

(1) State which of the services listed in Section 61100 it is proposed that the district be authorized to provide upon formation.

(2) Set forth the proposed methods, including, but not limited to, special taxes, benefit assessments, and fees, by which the district will finance those services.

(3) Propose a name for the district.

(4) Specify the method of selecting the initial board of directors, as provided in Chapter 1 (commencing with Section 61020) of Part 2.

(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 5. In the case of any conflict between that chapter and this chapter, the provisions of this chapter 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.

61012. (a) Before circulating any petition, the proponents shall publish a notice of intention which shall include a written statement not to exceed 500 words in length, setting forth the reasons for forming the district, the proposed services that the district will provide, and the proposed methods by which the district will be financed. The notice shall be published pursuant to Section 6061 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 notice shall be signed by one or more of the proponents, and shall be in substantially the following form:

"Notice of Intent to Circulate Petition

"Notice is hereby given of the intention to circulate a petition proposing to form the _____ [name of the district]. The reasons for forming the proposed district are: _____. The proposed service(s) that the district will provide are: _____. The proposed method(s) by which the district will finance those services 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 or newspapers in which the notice was published certifying to the fact of the publication.

(d) After the filing required by subdivision (c), the petition may be circulated for signatures.

61013. (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, city, or special district that contains any of the territory proposed to be included in the district. Except for the provisions regarding the signers, the signatures, and the proponents, a resolution of application shall contain all of the matters specified for a petition in Section 61011.

(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 in one or more newspapers of general circulation within the county, city, or special district. 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) 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.

61014. (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.

(b) Notwithstanding any other provision of law, a local agency formation commission shall not approve a proposal that includes the formation of a district unless the commission determines that the proposed district will have sufficient revenues to carry out its purposes.

(c) Notwithstanding subdivision (b), a local agency formation commission may approve a proposal that includes the formation of a district where the commission has determined that the proposed district will not have sufficient revenue provided that the commission conditions its approval on the concurrent approval of special taxes or benefit assessments that will generate those sufficient revenues. In approving the proposal, the commission shall provide that, if the voters or property owners do not approve the special taxes or benefit assessments, the proposed district shall not be formed.

(d) If the local agency formation commission approves the proposal for the formation of a district, then the commission shall proceed pursuant to Part 4 (commencing with Section 57000) of Division 3 of Title 5.

(e) Notwithstanding Section 57075, the local agency formation commission shall take one of the following actions:

(1) If a majority protest exists in accordance with Section 57078, the commission shall terminate proceedings.

(2) If no majority protest exists, the commission shall do either of the following:

(A) Order the formation subject to the approval by the voters.

(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, pursuant to subdivision (c).

(f) If the local agency formation commission orders the formation of a district pursuant to paragraph (2) of subdivision (e), the commission shall direct the board of supervisors to direct county officials to conduct the necessary elections on behalf of the proposed district.

PART 2. INTERNAL ORGANIZATION

Chapter 1. Initial Board of Directors

61020. The initial board of directors of a district formed on or after January 1, 2006, shall be determined pursuant to this chapter.

61021. (a) Except as provided in this chapter, the initial board of directors shall be elected.

(b) The directors may be elected by one of the following methods:

(1) At large.

(2) By divisions.

(3) From divisions.

(c) The elections and terms of office shall be determined pursuant to the Uniform District Election Law, Part 4 (commencing with Section 10500) of the Elections Code.

61022. (a) In the case of a proposed district which contains only unincorporated territory in a single county and less than 100 voters, the local agency formation commission may provide, as a term and condition of approving the formation of the district, that the county board of supervisors shall be the initial board of directors until conversion to an elected board of directors.

(b) The board of supervisors shall adopt a resolution pursuant to subdivision (b) of Section 61027, placing the question of having an elected board of directors on the ballot when any of the following occurs:

(1) When the registrar of voters certifies in writing that the number of voters in the district has reached or exceeded 500.

(2) When the registrar of voters certifies in writing that the number of voters in the district has reached or exceeded a lower number specified

by the local agency formation commission as a term and condition of approving the formation of the district.

(3) Ten years after the effective date of the district's formation.

(4) The local agency formation commission has required, as a term and condition of approving the formation of the district, placing the question of having an elected board of directors on the ballot in less than 10 years after the effective date of the district's formation.

(c) At the election, the voters shall also elect members to the district's board of directors. Those persons shall take office only if a majority of the voters voting upon the question of having an elected board are in favor of the question.

(d) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

Chapter 2. Reorganizing the Board of Directors

61025. (a) If a majority of the voters voting upon the question are in favor of the question at a general district or special election, a board of directors may be elected by one of the following methods:

(1) At large.

(2) By divisions.

(3) From divisions.

(b) The board of directors may adopt a resolution placing the question on the ballot. Alternatively, upon receipt of a petition signed by at least 25 percent of the registered voters of the district, the board of directors shall adopt a resolution placing the question on the ballot.

(c) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

(d) If the majority of voters voting upon the question approves of the election of directors either by divisions or from divisions, the board of directors shall promptly adopt a resolution dividing the district into five divisions. The resolution shall assign a number to each division. Using the last decennial census as a basis, the divisions shall be as nearly equal in population as possible. In establishing the boundaries of the divisions, the board of directors may give consideration to the following factors:

(1) Topography.

(2) Geography.

(3) Cohesiveness, contiguity, integrity, and compactness of territory.

(4) Community of interests of the divisions.

(e) If the majority of voters voting upon the question approves of the election of directors either by divisions or from divisions, then at the next election, the members of the board of directors shall be so elected. Each member elected by division or from division shall be a resident of the election division by which or from which he or she is elected. At the district general election, following the approval by the voters of the election of directors either by divisions or from divisions, the board of directors shall assign vacancies on the board of directors created by the expiration of terms to the respective divisions and the vacancies shall be filled either by or from those divisions.

(f) If the majority of voters voting on the question approves of the election of directors at large, the board of directors shall promptly adopt a resolution dissolving the divisions which had existed.

61026. In the case of a board of directors elected by divisions or from divisions, the board of directors shall adjust the boundaries of the divisions before November 1 of the year following the year in which each decennial census is taken. If at any time between each decennial census, a change of organization or reorganization alters the population of the district, the board of directors shall reexamine the boundaries of its divisions. If the board of directors finds that the population of any division has varied so that the divisions no longer meet the criteria specified in subdivision (d) of Section 61025, the board of directors shall adjust the boundaries of the divisions so that the divisions shall be as nearly equal in population as possible. The board of directors shall make this change within 60 days of the effective date of the change of organization or reorganization.

61027. (a) This section applies only to a district where the board of supervisors is the district's board of directors and more than five years have passed since the effective date of the district's formation.

(b) Upon receipt of a petition signed by at least 10 percent of the voters of the district, the board of directors shall adopt a resolution placing the question on the ballot. Alternatively, the board of directors may adopt a resolution placing the question on the ballot. The petition or resolution shall specify whether the board of directors will be elected at large, by divisions, or from divisions.

(c) If a majority of the voters voting upon the question at a general election or special election are in favor, the district shall have an elected board of directors.

(d) At the election, the voters shall also elect members to the district's board of directors. Those persons shall take office only if a majority of

the voters voting upon the question of having an elected board of directors are in favor of the question.

(e) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

61028. (a) Before circulating any petition pursuant to Section 61025 or Section 61027, the proponents shall publish a notice of intention, which shall include a written statement not to exceed 500 words in length, setting forth the reasons for the proposal. The notice shall be published pursuant to Section 6061 in one or more newspapers of general circulation within the district. If the district is located in more than one county, publication of the notice shall be made in at least one newspaper of general circulation in each county.

(b) The notice shall be signed by at least one, but not more than three, proponents and shall be in substantially the following form:

"Notice of Intent to Circulate Petition

"Notice is hereby given of the intention to circulate a petition affecting the Board of Directors of the _____ (name of the district). The petition proposes that _____ (description of the proposal)."

(c) Within five days after the date of publication, the proponents shall file with the secretary of the board of directors a copy of the notice together with an affidavit made by a representative of the newspaper in which the notice was published certifying to the fact of publication.

(d) After the filing required by subdivision (c), the petition may be circulated for signatures.

(e) Sections 100 and 104 of the Elections Code shall govern the signing of the petition and the format of the petition.

(f) A petition may consist of a single instrument or separate counterparts. The proponents shall file the petition, together with all counterparts, with the secretary of the board of directors. The secretary shall not accept a petition for filing unless the signatures have been secured within six months of the date on which the first signature was obtained and the proponents submitted the petition to the secretary for filing within 60 days after the last signature was obtained.

(g) Within 30 days after the date of filing a petition, the secretary of the board of directors shall cause the petition to be examined by the county elections official, in accordance with Sections 9113 to 9115, inclusive, of the Elections Code, and shall prepare a certificate of sufficiency indicating whether the petition is signed by the requisite number of signers.

(h) If the certificate of the secretary shows the petition to be insufficient, the secretary shall immediately give notice, by certified mail, of the insufficiency to the proponents. That mailed notice shall state in what amount the petition is insufficient. Within 15 days after the date of the notice of insufficiency, the proponents may file with the secretary a supplemental petition bearing additional signatures.

(i) Within 10 days after the date of filing a supplemental petition, the secretary shall cause the supplemental petition to be examined by the county elections official.

(j) The secretary shall sign and date a certificate of sufficiency. That certificate shall also state the minimum signature requirements for a sufficient petition and show the results of the secretary's examination. The secretary shall mail a copy of the certificate of sufficiency to the proponents.

(k) Once the proponents have filed a sufficient petition, the board of directors shall take the actions required pursuant to Section 61025 or Section 61027.

61029. (a) Notwithstanding any other provision of this chapter, the Board of Supervisors of San Joaquin County shall be the Board of Directors of the Mountain House Community Services District, until conversion to a directly elected board of directors.

(b) When the registrar of voters certifies in writing that the number of voters in the district has reached or exceeded 1,000, the Board of Supervisors of San Joaquin County shall adopt a resolution placing the question of having an elected board of directors on the ballot. The resolution shall specify whether the board of directors will be elected at large, by divisions, or from divisions.

(c) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

(d) If a majority of voters voting upon the question approves of electing the board of directors, the members of the board of directors shall be elected at the next general district election.

61030. (a) Notwithstanding any other provision of this part, the local agency formation commission, in approving either a consolidation or reorganization of two or more special districts into a single community services district, may, pursuant to subdivisions (k) and (n) of Section 56886, temporarily increase the number of members to serve on the board of directors of the consolidated or reorganized district to 7, 9, or 11, who shall be members of the boards of directors of the districts to

be consolidated or reorganized as of the effective date of the consolidation or reorganization.

(b) Upon the expiration of the terms of the members of the board of directors of the consolidated or reorganized district whose terms first expire following the effective date of the consolidation or reorganization, the total number of members on the board of directors shall be reduced until the number of members equals five.

(c) In addition to the powers granted under Section 1780, in the event of a vacancy on the board of directors of the consolidated or reorganized district at which time the total number of members of the board of directors is greater than five, the board of directors may, by majority vote of the remaining members of the board, choose not to fill the vacancy. In that event, the total membership of the board of directors shall be reduced by one member. Upon making the determination not to fill a vacancy, the board of directors shall notify the board of supervisors of its decision.

(d) This section applies only to a consolidation or reorganization in which each subject agency was an independent special district prior to the initiation of the consolidation or reorganization.

(e) As used in this section, "consolidation" means a consolidation as defined by Section 56030, "special district" means a special district as defined by Section 56036, "independent special district" means an independent special district as defined by Section 56044, and "reorganization" means a reorganization as defined by Section 56073.

Chapter 3. Board of Directors

61040. (a) A legislative body of five members known as the board of directors shall govern each district. The board of directors shall establish policies for the operation of the district. The board of directors shall provide for the implementation of those policies which is the responsibility of the district's general manager.

(b) No person shall be a candidate for the board of directors unless he or she is a voter of the district or the proposed district. No person shall be a candidate for the board of directors that is elected by divisions or from divisions unless he or she is a voter of that division or proposed division.

(c) All members of the board of directors shall exercise their independent judgment on behalf of the interests of the entire district, including the residents, property owners, and the public as a whole in furthering the purposes and intent of this division. Where the members of the board of directors have been elected by divisions or from divisions,

they shall represent the interests of the entire district and not solely the interests of the residents and property owners in their divisions.

(d) Service on a municipal advisory council established pursuant to Section 31010 or service on an area planning commission established pursuant to Section 65101 shall not be considered an incompatible office with service as a member of a board of directors.

(e) A member of the board of directors shall not be the general manager, the district treasurer, or any other compensated employee of the district, except for volunteer firefighters as provided by Section 53227.

61041. Notwithstanding subdivision (a) of Section 65040, this section applies only to those districts that on December 31, 2005, had boards of directors that consisted of three members. Those districts shall continue to have boards of directors that consist of three members until the next general district election after January 1, 2006, after which date those districts shall have boards of directors that consist of five members. At that election, the voters shall fill the two vacancies on the board of directors. Those two members of the board of directors shall serve for the terms of office determined pursuant to Section 10506 of the Elections Code.

61042. (a) The term of office of each member of a board of directors is four years or until his or her successor qualifies and takes office. Directors shall take office at noon on the first Friday in December following their election.

(b) For districts formed before January 1, 2006, where the members of the board of directors are not serving staggered terms, at the first meeting after January 1, 2006, the members shall classify themselves by lot into two classes. One class shall have three members and the other class shall have two members. For the class that has three members, the terms of the offices that begin after the next general district election shall be four years. For the class that has two members, the initial terms of the offices that begin after the next general district election shall be two years. Thereafter, the terms of all members shall be four years.

(c) Any vacancy in the office of a member elected to a board of directors shall be filled pursuant to Section 1780.

61043. (a) Within 45 days after the effective date of the formation of a district, the board of directors shall meet and elect its officers. Thereafter, within 45 days after each general district or unopposed election, the board of directors shall meet and elect the officers of the board of directors. A board of directors may elect the officers of the board of directors annually.

(b) The officers of a board of directors are a president and a vice president. The president shall preside over meetings of the board of

directors and the vice president shall serve in the president's absence or inability to serve.

(c) A board of directors may create additional offices and elect members to those offices, provided that no member of a board of directors shall hold more than one office.

61044. A board of directors shall hold a regular meeting at least once every three months. Meetings of the board of directors are subject to the Ralph M. Brown Act, Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5.

61045. (a) A majority of the total membership of the board of directors shall constitute a quorum for the transaction of business.

(b) The board of directors shall act only by ordinance, resolution, or motion.

(c) Except as otherwise specifically provided by law, a majority vote of the total membership of the board of directors is required for the board of directors to take action.

(d) The minutes of the board of directors shall record the aye and no votes taken by the members of the board of directors for the passage of all ordinances, resolutions, or motions.

(e) The board of directors shall keep a record of all its actions, including financial transactions.

(f) The board of directors shall adopt rules or bylaws for its proceedings.

(g) The board of directors shall adopt policies for the operation of the district, including, but not limited to, administrative policies, fiscal policies, personnel policies, and the purchasing policies required by this division.

61046. (a) Ordinances may be passed by the voters by initiative pursuant to Article 1 (commencing with Section 9300) of Chapter 4 of Division 9 of the Elections Code.

(b) Legislative acts may be disapproved by the voters by referendum pursuant to Article 2 (commencing with Section 9340) of Chapter 4 of Division 9 of the Elections Code.

(c) Members of the board of directors may be recalled by the voters pursuant to Chapter 1 (commencing with Section 11000) of Division 11 of the Elections Code.

61047. (a) The board of directors may provide, by ordinance or resolution, that each of its members may receive compensation in an amount not to exceed one hundred dollars ($100) for each day of service. A member of the board of directors shall not receive compensation for more than six days of service in a month.

(b) The board of directors, by ordinance adopted pursuant to Chapter 2 (commencing with Section 20200) of Division 10 of the Water Code,

may increase the amount of compensation that may be received by members of the board of directors.

(c) The board of directors may provide, by ordinance or resolution, that its members may receive their actual and necessary traveling and incidental expenses incurred while on official business. Reimbursement for these expenses is subject to Sections 53232.2 and 53232.3.

(d) A member of the board of directors may waive any or all of the payments permitted by this section.

(e) For the purposes of this section, a "day of service" means any of the following:

(1) A meeting conducted pursuant to the Ralph M. Brown Act, Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5.

(2) Representation of the district at a public event, provided that the board of directors has previously approved the member's representation at a board of directors' meeting and that the member delivers a written report to the board of directors regarding the member's representation at the next board of directors' meeting following the public event.

(3) Representation of the district at a public meeting or a public hearing conducted by another public agency, provided that the board of directors has previously approved the member's representation at a board of directors' meeting and that the member delivers a written report to the board of directors regarding the member's representation at the next board of directors' meeting following the public meeting or public hearing.

(4) Representation of the district at a meeting of a public benefit nonprofit corporation on whose board the district has membership, provided that the board of directors has previously approved the member's representation at a board of directors' meeting and the member delivers a written report to the board of directors regarding the member's representation at the next board of directors' meeting following the corporation's meeting.

(5) Participation in a training program on a topic that is directly related to the district, provided that the board of directors has previously approved the member's participation at a board of directors' meeting, and that the member delivers a written report to the board of directors regarding the member's participation at the next board of directors' meeting following the training program.

61048. A board of directors may appoint one or more advisory committees to advise the board of directors about the district's finances, policies, programs, or operations.

Chapter 4. District Officers

61050. (a) The board of directors shall appoint a general manager.

(b) The county treasurer of the principal county shall serve as the treasurer of the district. If the board of directors designates an alternative depositary pursuant to Section 61053, the board of directors shall appoint a district treasurer who shall serve in place of the county treasurer.

(c) The board of directors may appoint the same person to be the general manager and the district treasurer.

(d) The general manager and the district treasurer, if any, shall serve at the pleasure of the board of directors.

(e) The board of directors shall set the compensation, if any, for the general manager and the district treasurer, if any.

(f) The board of directors may require the general manager to be bonded. The board of directors shall require the district treasurer, if any, to be bonded. The district shall pay the cost of the bonds.

61051. The general manager shall be responsible for all of the following:

(a) The implementation of the policies established by the board of directors for the operation of the district.

(b) The appointment, supervision, discipline, and dismissal of the district's employees, consistent with the employee relations system established by the board of directors.

(c) The supervision of the district's facilities and services.

(d) The supervision of the district's finances.

61052. (a) Except as provided by Section 61053, the county treasurer of the principal county shall be treasurer of the district and shall be the depositary and have the custody of all of the district's money.

(b) All claims against a district shall be audited, allowed, and paid by the board of directors by warrants drawn on the county treasurer.

(c) As an alternative to subdivision (b), the board of directors 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 directors.

(d) The county treasurer shall pay the warrants in the order in which they are presented.

(e) 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.

61053. (a) Notwithstanding Section 61052, a district may establish an alternative depositary pursuant to this section.

(b) The board of directors shall appoint a district treasurer who shall serve in the place of the county treasurer.

(c) The board of directors shall adopt a resolution that does each of the following:

(1) State its intention to withdraw its money from the county treasury.

(2) Fix the amount of the bond for the district treasurer and other district employees who will be responsible for handling the district's finances. The district shall pay the cost of the bonds.

(3) 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.

(4) Adopt a procedure for drawing and signing checks, 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 checks to pay claims and demands need not be approved by the board of directors before payment if the district treasurer determines that the claims and demands conform to the district's approved budget.

(5) Designate a bank, a savings and loan association, or a credit union as the depositary of the district's money. A bank, savings and loan association, or credit union may act as a depositary, paying agent, or fiscal agency for the holding or handling of the district's money, notwithstanding the fact that a member of the board of directors, 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.

(d) The board of directors and the board of supervisors of the principal county shall determine a mutually acceptable date for the withdrawal of the district's money from the county treasury, not to exceed 15 months from the date on which the board of directors adopts its resolution.

(e) 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. Nothing in this section shall preclude the district treasurer from depositing the district's money 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.

(f) The district treasurer shall make quarterly or more frequent written reports to the board of directors, as the board of directors 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 general manager.

Chapter 5. General Powers

61060. A district shall have and may exercise all rights and powers, expressed and implied, necessary to carry out the purposes and intent of this division, including, but not limited to, the following powers:

(a) To adopt ordinances following the procedures of Article 7 (commencing with Section 25120) of Chapter 1 of Part 2 of Division 2 of Title 3.

(b) To adopt, by ordinance, and enforce rules and regulations for the administration, operation, and use and maintenance of the facilities and services listed in Part 3 (commencing with Section 61100).

(c) To sue and be sued in its own name.

(d) To acquire any real or personal property within or outside the district, by contract or otherwise, to hold, manage, occupy, dispose of, convey, and encumber the property, and to create a leasehold interest in the property for the benefit of the district.

(e) To acquire by eminent domain any real or personal property within or outside the district. If a district acquires real or personal property of a public utility by eminent domain, the district shall also pay for the cost of the removal, reconstruction, or relocation of any structure, railways, mains, pipes, conduits, wires, cables, or poles that must be moved to a new location.

(f) To appoint employees, to define their qualifications and duties, and to provide a schedule of compensation for performance of their duties.

(g) To engage counsel and other professional services.

(h) To enter into and perform all contracts, including, but not limited to, contracts pursuant to Article 43 (commencing with Section 20680) of Chapter 1 of Part 3 of the Public Contract Code.

(i) To adopt a seal and alter it.

(j) To enter joint powers agreements pursuant to the Joint Exercise of Powers Act, Chapter 5 (commencing with Section 6500) of Division 7 of Title 1.

(k) To provide insurance pursuant to Part 6 (commencing with Section 989) of Division 3.6 of Title 1.

(*l*) To provide training that will assist the members of the board of directors in the governance of the district.

(m) To construct any works along, under, or across any street, road, or highway, subject to the consent of the governing body in charge, and along, under, or across any other property devoted to a public use.

(n) To take any and all actions necessary for, or incidental to, the powers expressed or implied by this division.

61061. (a) A district shall have perpetual succession.

(b) A board of directors may, by resolution, change the name of the district. The resolution shall comply with the requirements of Chapter 23 (commencing with Section 7530) of Division 7 of Title 1. Notwithstanding Section 7530, any district formed on and after January 1, 2006, and any district that changes its name on or after January 1, 2006, shall have the words "community services district" within its name. Within 10 days of its adoption, the board of directors 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) A district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1.

61062. (a) 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.

(b) When disposing of surplus land, a district shall comply with Article 7 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5.

61063. (a) Each district shall adopt policies and procedures, including bidding regulations, governing the purchasing of supplies and equipment not governed by Article 43 (commencing with Section 20680) of Chapter 1 of Part 3 of the Public Contract Code. 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.

(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 of materials, equipment, or supplies on its behalf pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3.

(d) A district may request the purchasing agent of the principal county to contract with persons to provide projects, services, and programs authorized by this division pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3.

61064. (a) Violation of any rule, regulation, or ordinance adopted by a board of directors is a misdemeanor punishable pursuant to Section 19 of the Penal Code.

(b) Any citation issued by a district for violation of a rule, regulation, or ordinance adopted by a board of directors may be processed as an infraction pursuant to subdivision (d) of Section 17 of the Penal Code.

(c) To protect property and to preserve the peace at facilities owned or managed by a district, a board of directors may confer on designated uniformed district employees the power to issue citations for misdemeanor and infraction violations of state law, city or county ordinances, or district rules, regulations, or ordinances when the violation is committed within a facility and in the presence of the employee issuing the citation. District employees shall issue citations pursuant to Chapter 5C (commencing with Section 853.5) of Title 3 of Part 2 of the Penal Code.

61065. (a) The Meyers-Milias-Brown Act, Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 applies to all districts.

(b) A board of directors may establish an employee relations system that may include, but is not limited to, a civil service system or a merit system.

61066. A board of directors may require any employee or officer to be bonded. The district shall pay the cost of the bonds.

61067. A board of directors may provide for any program for the benefit of its employees and members of the board of directors pursuant to Chapter 2 (commencing with Section 53200) of Part 1 of Division 2 of Title 5.

61068. A board of directors may authorize its members and the employees of the district to attend professional or vocational meetings and conferences. A board of directors may reimburse its members and the employees of the district for their documented, actual, and necessary traveling and incidental expenses while on official business.

61069. (a) A district may request an inspection warrant pursuant to Title 13 (commencing with Section 1822.50) of Part 3 of the Code of Civil Procedure. The warrant shall state the location which it covers and shall state its purposes. A warrant may authorize district employees to enter property only to do one or more of the following:

(1) Inspect to determine the presence of public nuisances that the district has the authority to abate.

(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.

(b) Where there is no reasonable expectation of privacy and subject to the limitations of the United States Constitution and the California Constitution, employees of a district may enter any property within the district for any of the following purposes:

(1) Inspect the property to determine the presence of public nuisances that the district has the authority to abate.

(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.

61070. A district may contract with any local agency, state department or agency, federal department or agency, or any tribal government for the provision by or to the district of any facilities, services, or programs authorized by this division, within or without the district, subject to compliance with Section 56133.

PART 3. PURPOSES, SERVICES, AND FACILITIES

Chapter 1. Authorized Services and Facilities

61100. Within its boundaries, a district may do any of the following:

(a) Supply water for any beneficial uses, in the same manner as a municipal water district, formed pursuant to the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail.

(b) Collect, treat, or dispose of sewage, waste water, recycled water, and storm water, in the same manner as a sanitary district, formed pursuant to the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail.

(c) Collect, transfer, and dispose of solid waste, and provide solid waste handling services, including, but not limited to, source reduction, recycling, composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.

(d) Provide fire protection services, rescue services, hazardous material emergency response services, and ambulance services in the same manner as a fire protection district, formed pursuant to the Fire Protection District Law, Part 2.7 (commencing with Section 13800) of Division 12 of the Health and Safety Code.

(e) Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code.

(f) Organize, promote, conduct, and advertise programs of community recreation, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code.

(g) Acquire, construct, improve, maintain, and operate street lighting and landscaping on public property, public rights-of-way, and public easements.

(h) Provide for the surveillance, prevention, abatement, and control of vectors and vectorborne diseases in the same manner as a 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 of the Health and Safety Code.

(i) Provide police protection and law enforcement services by establishing and operating a police department that employs peace officers pursuant to Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code.

(j) Provide security services, including, but not limited to, burglar and fire alarm services, to protect lives and property.

(k) Provide library services, in the same manner as a library district formed pursuant to either Chapter 8 (commencing with Section 19400) or Chapter 9 (commencing with Section 19600) of Part 11 of the Education Code.

(*l*) Acquire, construct, improve, and maintain streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks, and any incidental works. A district shall not acquire, construct, improve, or maintain any work owned by another public agency unless that other public agency gives its written consent.

(m) Convert existing overhead electric and communications facilities, with the consent of the public agency or public utility that owns the facilities, to underground locations pursuant to Chapter 28 (commencing with Section 5896.1) of Part 3 of Division 7 of the Streets and Highways Code.

(n) Provide emergency medical services pursuant to the Emergency Medical Services System and the Prehospital Emergency Medical Care Personnel Act, Division 2.5 (commencing with Section 1797) of the Health and Safety Code.

(o) Provide and maintain public airports and landing places for aerial traffic, in the same manner as an airport district formed pursuant to the

California Airport District Act, Part 2 (commencing with Section 22001) of Division 9 of the Public Utilities Code.

(p) Provide transportation services.

(q) Abate graffiti.

(r) Plan, design, construct, improve, maintain, and operate flood protection facilities. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities within the boundaries of another special district that provides those facilities unless the other special district gives its written consent. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities in unincorporated territory unless the board of supervisors gives its written consent. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities within a city unless the city council gives its written consent.

(s) Acquire, construct, improve, maintain, and operate community facilities, including, but not limited to, community centers, libraries, theaters, museums, cultural facilities, and child care facilities.

(t) Abate weeds and rubbish pursuant to Part 5 (commencing Section 14875) of the Health and Safety Code. For that purpose, the board of directors shall be deemed to be a "board of supervisors" and district employees shall be deemed to be the "persons" designated by Section 14890 of the Health and Safety Code.

(u) Acquire, construct, improve, maintain, and operate hydroelectric power generating facilities and transmission lines, consistent with the district's water supply and waste water operations. The power generated shall be used for district purposes, or sold to a public utility or another public agency that generates, uses, or sells electrical power. A district shall not acquire hydroelectric power generating facilities unless the facilities' owner agrees.

(v) Acquire, construct, improve, maintain, and operate television translator facilities.

(w) Remove snow from public streets, roads, easements, and rights-of-way. A district may remove snow from public streets, roads, easements, and rights-of-way owned by another public agency, only with the written consent of that other public agency.

(x) Provide animal control services pursuant to Section 30501 of the Food and Agricultural Code. Whenever the term "board of supervisors," "county," "county clerk," or "animal control officer" is used in Division 14 (commencing with Section 30501) of the Food and Agricultural Code, those terms shall also be deemed to include the board of directors of a district, a district, the general manager of the district, or the animal control officer of a district, respectively. A district shall not provide animal control services in unincorporated territory unless the county

board of supervisors gives its written consent. A district shall not provide animal control services within a city unless the city council gives its written consent.

(y) Control, abate, and eradicate pests, in the same manner as a pest abatement district, formed pursuant to Chapter 8 (commencing with Section 2800) of Division 3 of the Health and Safety Code. A district's program to control, abate, or eradicate local pine bark beetle infestations shall be consistent with any required plan or program approved by the Department of Forestry and Fire Protection.

(z) Construct, maintain, and operate mailboxes on a district's property or rights-of-way.

(aa) Provide mail delivery service under contract to the United States Postal Service.

(ab) Own, operate, improve, and maintain cemeteries and provide interment services, in the same manner as a public cemetery district, formed pursuant to the Public Cemetery District Law, Part 4 (commencing with Section 9000) of Division 8 of the Health and Safety Code.

(ac) Finance the operations of area planning commissions formed pursuant to Section 65101.

(ad) Finance the operations of municipal advisory councils formed pursuant to Section 31010.

(ae) Acquire, own, improve, maintain, and operate land within or without the district for habitat mitigation or other environmental protection purposes to mitigate the effects of projects undertaken by the district.

61101. A district may provide the facilities and services authorized by Section 61100 outside its boundaries, subject to Section 56133.

61102. A district may provide electricity within its boundaries if the local agency formation commission designated the district as the successor to another special district that was extinguished as the result of any change of organization or reorganization, and that other special district had provided electricity pursuant to the principal act under which that other special district had operated.

61103. (a) A district that acquires, constructs, improves, and maintains streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks, and any incidental works pursuant to subdivision (*l*) of Section 61100 shall have the powers, duties, and authority of a county for those works, including, but not limited to, the following:

(1) Chapter 2 (commencing with Section 940), Chapter 5.5 (commencing with Section 1450), and Chapter 6 (commencing with Section 1480) of Division 2 of the Streets and Highways Code.

(2) Part 3 (commencing with Section 8300) of the Streets and Highways Code.

(3) Division 11 (commencing with Section 21000) of the Vehicle Code.

(4) Article 4 (commencing with Section 35700) of Chapter 5 of Division 15 of the Vehicle Code.

(b) A district shall not exercise those powers, duties, and authority for any of those works if it is owned by another public agency unless that other public agency gives its written consent.

61104. (a) A district that acquires, constructs, improves, and maintains streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks, and any incidental work pursuant to subdivision (*l*) of Section 61100 may grant franchises pursuant to any of the following:

(1) Section 53066.

(2) Chapter 6 (commencing with Section 49500) of Part 8 of Division 30 of the Public Resources Code.

(3) Division 3 (commencing with Section 6001) of the Public Utilities Code.

(b) A district shall not grant a franchise over any work owned by another public agency unless that other public agency gives its consent.

61105. (a) The Legislature finds and declares that the unique circumstances that exist in certain communities justify the enactment of special statutes for specific districts. In enacting this section, the Legislature intends to provide specific districts with special statutory powers to provide special services and facilities that are not available to other districts.

(b) The Los Osos Community Services District may borrow money from public or private lenders and loan those funds to property owners within the district to pay for the costs of decommissioning septic systems and constructing lateral connections on private property to facilitate the connection of those properties to the district's wastewater treatment system. The district shall lend money for this purpose at rates not to exceed its cost of borrowing and the district's cost of making the loans. The district may require that the borrower pay the district's reasonable attorney's fees and administrative costs in the event that the district is required to take legal action to enforce the provisions of the contract or note securing the loan. The district may elect to have the debt payments or any delinquency collected on the tax roll pursuant to Section 61116. To secure the loan as a lien on real property, the district shall follow the procedures for the creation of special tax liens in Section 53328.3 of this code and Section 3114.5 of the Streets and Highways Code.

(c) The Heritage Ranch Community Services District may acquire, construct, improve, maintain, and operate petroleum storage tanks and

related facilities for its own use, and sell those petroleum products to the district's property owners, residents, and visitors. The authority granted by this subdivision shall expire when a private person or entity is ready, willing, and able to acquire, construct, improve, maintain, and operate petroleum storage tanks and related facilities, and sell those petroleum products to the district and its property owners, residents, and visitors. At that time, the district shall either (1) diligently transfer its title, ownership, maintenance, control, and operation of those petroleum tanks and related facilities at a fair market value to that private person or entity, or (2) lease the operation of those petroleum tanks and related facilities at a fair market value to that private person or entity.

(d) The Wallace Community Services District may acquire, own, maintain, control, or operate the underground gas distribution pipeline system located and to be located within Wallace Lake Estates for the purpose of allowing a privately owned provider of liquefied petroleum gas to use the underground gas distribution system pursuant to a mutual agreement between the private provider and the district or the district's predecessor in interest. The district shall require and receive payment from the private provider for the use of that system. The authority granted by this subdivision shall expire when the Pacific Gas and Electric Company is ready, willing, and able to provide natural gas service to the residents of Wallace Lake Estates. At that time, the district shall diligently transfer its title, ownership, maintenance, control, and operation of the system to the Pacific Gas and Electric Company.

(e) The Cameron Park Community Services District, the El Dorado Hills Community Services District, the Golden Hills Community Services District, the Mountain House Community Services District, the Rancho Murieta Community Services District, the Salton Community Services District, the Stallion Springs Community Services District, and the Tenaja Meadows Community Services District, which enforced covenants, conditions, and restrictions prior to January 1, 2006, pursuant to the former Section 61601.7 and former Section 61601.10, may continue to exercise the powers set forth in the former Section 61601.7 and the former Section 61601.10.

(f) The Bear Valley Community Services District, the Bell Canyon Community Services District, the Cameron Estates Community Services District, the Lake Sherwood Community Services District, the Saddle Creek Community Services District, and the Wallace Community Services District may, for roads owned by the district and that are not formally dedicated to or kept open for use by the public for the purpose of vehicular travel, by ordinance, limit access to and the use of those roads to the landowners and residents of that district.

(g) Notwithstanding any other provision of law, the transfer of the assets of the Stonehouse Mutual Water Company, including its lands, easements, rights, and obligations to act as sole agent of the stockholders in exercising the riparian rights of the stockholders, and rights relating to the ownership, operation, and maintenance of those facilities serving the customers of the company, to the Hidden Valley Community Services District is not a transfer subject to taxes imposed by Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code.

(h) The El Dorado Hills Community Services District and the Rancho Murieta Community Services District may each acquire, construct, improve, maintain, and operate television receiving, translating, or distribution facilities, provide television and television-related services to the district and its residents, or authorize the construction and operation of a cable television system to serve the district and its residents by franchise or license. In authorizing the construction and operation of a cable television system by franchise or license, the district shall have the same powers as a city or a county under Section 53066.

(i) The Mountain House Community Services District may provide facilities for television and telecommunications systems, including the installation of wires, cables, conduits, fiber optic lines, terminal panels, service space, and appurtenances required to provide television, telecommunication, and data transfer services to the district and its residents, and provide facilities for a cable television system, including the installation of wires, cables, conduits, and appurtenances to service the district and its residents by franchise or license, except that the district may not provide or install any facilities pursuant to this subdivision unless one or more cable franchises or licenses have been awarded under Section 53066 and the franchised or licensed cable television and telecommunications services providers are permitted equal access to the utility trenches, conduits, service spaces, easements, utility poles, and rights-of-way in the district necessary to construct their facilities concurrently with the construction of the district's facilities. The district shall not have the authority to operate television, cable, or telecommunications systems. The district shall have the same powers as a city or county under Section 53066 in granting a franchise or license for the operation of a cable television system.

61106. (a) If a board of directors desires to exercise a latent power, the district shall first receive the approval of the local agency formation commission, pursuant to Article 1.5 (commencing with Section 56824.10) of Chapter 5 of Part 3 of Division 3.

(b) After receiving the approval of the local agency formation commission, the board of directors may, by ordinance, order the exercise of that power.

61107. (a) If a board of directors desires to divest itself of a power that is authorized pursuant to this chapter and if the termination of that power would require another public agency to provide a new or higher level of services or facilities, the district shall first receive the approval of the local agency formation commission. To the extent feasible, the local agency formation commission shall proceed pursuant to Article 1.5 (commencing with Section 56824.10) of Chapter 5 of Part 3 of Division 3. After receiving the approval of the local agency formation commission, the board of directors may, by ordinance, divest itself of that power.

(b) Notwithstanding subdivision (a) of Section 56824.14, the local agency formation commission shall not, after a public housing called and held for that purpose pursuant to subdivisions (b) and (c) of Section 56824.14, approve a district's proposal to exercise a latent power if the local agency formation commission determines that another local agency already provides substantially similar services or facilities to the territory where the district proposes to exercise that latent power.

(c) If a board of directors desires to divest itself of a power that is authorized pursuant to this chapter and if the termination of that power would not require another public agency to provide a new or higher level of services or facilities, the board of directors may, by ordinance, divest itself of that power.

Chapter 2. Finance

61110. (a) On or before July 1 of each year or, for districts using two one-year budgets or a biennial budget, every other year, the board of directors may adopt a preliminary budget that conforms to generally accepted accounting and budgeting procedures for special districts.

(b) The board of directors may divide the preliminary budget into categories, including, but not limited to, the following:

(1) Maintenance and operation.
(2) Services and supplies.
(3) Employee compensation.
(4) Capital outlay.
(5) Interest and redemption for indebtedness.
(6) Designated reserve for capital outlay.
(7) Designated reserve for contingencies.

(c) On or before July 1 of each year or, for districts using two one-year budgets or a biennial budget, every other year, the board of directors shall publish a notice stating all of the following:

(1) Either that it has adopted a preliminary budget or that the general manager has prepared a proposed final budget which is available for inspection at a time and place within the district specified in the notice.

(2) The date, time, and place when the board of directors will meet to adopt the final budget and that any person may appear and be heard regarding any item in the budget or regarding the addition of other items.

(d) The board of directors shall publish the notice at least two weeks before the hearing in at least one newspaper of general circulation in the district pursuant to Section 6061.

(e) At the time and place specified for the hearing, any person may appear and be heard regarding any item in the budget or regarding the addition of other items. The hearing on the budget may be continued from time to time.

(f) On or before September 1 of each year or, for districts using two one-year budgets or a biennial budget, every other year, the board of directors shall adopt a final budget that conforms to generally accepted accounting and budgeting procedures for special districts. The general manager shall forward a copy of the final budget to the auditor of each county in which the district is located.

61111. (a) At any regular meeting or properly noticed special meeting after the adoption of its final budget, the board of directors may adopt a resolution amending the budget and ordering the transfer of funds between categories, other than transfers from the designated reserve for capital outlay and the designated reserve for contingencies.

(b) The board of directors may authorize the general manager to transfer funds between budget categories, other than transfers from the designated reserve for capital outlay and the designated reserve for contingencies.

61112. (a) In its budget, the board of directors may establish a designated reserve for capital outlay and a designated reserve for contingencies. When the board of directors establishes a designated reserve, it shall declare the exclusive purposes for which the funds in the reserve may be spent. The funds in the designated reserve shall be spent only for the exclusive purposes for which the board of directors established the designated reserve. The reserves shall be maintained according to generally accepted accounting principles.

(b) Any time after the establishment of a designated reserve, the board of directors may transfer any funds to that designated reserve.

(c) If the board of directors finds that the funds in a designated reserve are no longer required for the purpose for which it established the designated reserve, the board of directors may, by a four-fifths vote of the total membership of the board of directors, discontinue the designated

reserve or transfer any funds that are no longer required from the designated reserve to the district's general fund.

(d) Notwithstanding any other provision of this section, in a state of emergency or in a local emergency, as defined in Section 8558, a board of directors may temporarily transfer funds from the designated reserve for capital outlay or the designated reserve for contingencies to the district's general fund. The board of directors shall restore these funds to the designated reserves when feasible.

(e) The board of directors of each district that has designated an alternative depositary pursuant to Section 61053 and appointed a district treasurer shall adopt and annually review a policy for the management of reserves.

61113. (a) On or before July 1 of each year, the board of directors shall adopt a resolution establishing its appropriations limit, if any, 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).

(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 which did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of 12½ cents per one hundred dollars ($100) of assessed value.

(c) This section shall not apply to any district that has previously transferred services and all of the property tax revenue allocation associated with those services to another local agency.

61114. 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.

61115. (a) The board of directors may, by resolution or ordinance, do the following:

(1) Establish rates or other charges for services and facilities that the district provides.

(2) Provide for the collection and enforcement of those rates or other charges.

(3) Among the permissible methods for collection and enforcement are:

(A) To provide that the charges for any of these services and facilities may be collected with the rates or charges for any other services and facilities provided by the district, and that all charges may be billed on the same bill and collected as one item.

(B) To provide that if all or part of a bill is not paid, the district may discontinue any or all services.

(C) To provide for a basic penalty for the nonpayment of charges of not more than 10 percent, plus an additional penalty of not more than 1 percent per month for the nonpayment of the charges and the basic penalty. The board of directors may provide for the collection of these penalties.

(b) The board of directors may provide that any charges and penalties may be collected on the tax roll in the same manner as property taxes. The general manager shall prepare and file with the board of directors a report that describes each affected parcel of real property and the amount of charges and delinquencies for each affected parcel for the year. The general manager shall give notice of the filing of the report and of the time and place for a public hearing by publishing the notice pursuant to Section 6066 in a newspaper of general circulation, and by mailing the notice to the owner of each affected parcel. At the public hearing, the board of directors shall hear and consider any objections or protests to the report. At the conclusion of the public hearing, the board of directors may adopt or revise the charges and penalties. The board of directors shall make its determination on each affected parcel and its determinations shall be final. On or before August 10 of each year following these determinations, the general manager shall file with the county auditor a copy of the final report adopted by the board of directors. The county auditor shall enter the amount of the charges and penalties against each of the affected parcels of real property as they appear on the current assessment roll. The county tax collector shall include the amount of the charges and penalties on the tax bills for each affected parcel of real property and collect the charges and penalties in the same manner as property taxes.

(c) The board of directors may recover any charges and penalties by recording in the office of the county recorder of the county in which the affected parcel is located, a certificate declaring the amount of the charges and penalties due, the name and last known address of the person liable for those charges and penalties. From the time of recordation of the certificate, the amount of the charges and penalties constitutes a lien against all real property of the delinquent property owner in that county. This lien shall have the force, effect, and priority of a judgment lien. Within 30 days of receipt of payment for all amounts due, including the recordation fees paid by the district, the district shall record a release of the lien. In filing any instrument for recordation, the district shall pay the fees required by Article 5 (commencing with Section 27360) of Chapter 6 of Part 3 of Title 3.

(d) A district shall reimburse the county for the reasonable expenses incurred by the county pursuant to this section.

(e) Any remedies for the collection and enforcement of rates or other charges are cumulative and the district may pursue remedies alternatively or consecutively.

61116. (a) A district may accept any revenue money, grants, goods, or services from any federal, state, regional, or local agency or from any person for any lawful purpose of the district.

(b) In addition to any other existing authority, a district may borrow money and incur indebtedness pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840), Article 7.6 (commencing with Section 53850), and Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5.

61117. The board of directors 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.

61118. (a) The board of directors shall provide for regular audits of the district's accounts and records pursuant to Section 26909.

(b) The board of directors 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.

61119. 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.

Chapter 3. Alternative Revenues

61120. Whenever the board of directors determines that the amount of revenue available to the district or any of its zones is inadequate to meet the costs of operating and maintaining the facilities, programs, and services authorized by this division, the board of directors may raise revenues pursuant to this chapter or any other provision of law.

61121. 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. The special taxes shall be applied uniformly to all taxpayers or all real property within the district, except that unimproved property may be taxed at a lower rate than improved property.

(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.

61122. A district may levy benefit assessments for operations and maintenance consistent with the requirements of Article XIII D of the California Constitution, including, but not limited to, benefit assessments levied pursuant to any of the following:

(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) The Landscaping and Lighting Assessment Act of 1972, Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code, notwithstanding Section 22501 of the Streets and Highways Code.

(e) Any other statutory authorization enacted on or after January 1, 2006.

61123. (a) A board of directors may charge a fee to cover the cost of any service which 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 directors shall follow the procedures in Section 6 of Article XIII D of the California Constitution.

(c) A board of directors may charge residents or taxpayers of the district a fee authorized by this section that is less than the fee which it charges nonresidents or nontaxpayers.

(d) A board of directors may authorize district employees to waive the payment, in whole or in part, of a fee authorized by this section when the board of directors determines that payment would not be in the public interest. Before authorizing any waiver, a board of directors shall adopt a resolution that specifies the policies and procedures governing waivers.

61124. (a) A district may charge standby charges for water, sewer, or water and sewer services pursuant to the Uniform Standby Charge Procedures Act, Chapter 12.4 (commencing with Section 54984) of Part 1 of Division 2 of Title 5.

(b) A standby charge charged by a district pursuant to the former Chapter 1 (commencing with Section 61750) of the former Part 6 of the former Division 1 shall be exempt from subdivision (a), provided that any subsequent increases shall be subject to subdivision (a).

Chapter 4. Capital Financing

61125. Whenever the board of directors determines that the amount of revenue available to the district or any of its zones is inadequate to acquire, construct, improve, rehabilitate, or replace the facilities authorized by this division, or for funding or refunding any outstanding

indebtedness, the board of directors may incur debt and raise revenues pursuant to this chapter or any other provision of law.

61126. (a) Whenever a board of directors determines that it is necessary to incur a general obligation bond indebtedness for the acquisition or improvement of real property, the board of directors may proceed pursuant to Article 11 (commencing with Section 5790) of Chapter 4 of Division 5 of the Public Resources Code.

(b) Notwithstanding subdivision (a), a district shall not incur bonded indebtedness pursuant to this section that exceeds 15 percent of the assessed value of all taxable property in the district at the time that the bonds are issued.

61127. A board of directors may finance any enterprise and issue revenue bonds pursuant to the Revenue Bond Law of 1941, Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5.

61128. A district may finance facilities and issue bonds 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.

61129. A district may levy benefit assessments to finance facilities consistent with the requirements of Article XIII D of the California Constitution, including, but not limited to, benefit assessments levied pursuant to any of the following:

(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) The Landscaping and Lighting Assessment Act of 1972, Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code, notwithstanding Section 22501 of the Streets and Highways Code.

(e) Any other statutory authorization enacted on or after January 1, 2006.

61130. A district may acquire and improve land, facilities, or equipment and issue securitized limited obligation notes pursuant to Article 7.4 (commencing with Section 53835) of Chapter 4 of Part 1 of Division 2 of Title 5.

61131. (a) A district may issue promissory notes to borrow money and incur indebtedness for any lawful purpose, including, but not limited to, the payment of current expenses, pursuant to this section.

(b) The total amount of indebtedness incurred pursuant to this section outstanding at any one time shall not exceed 5 percent of the district's total enterprise and nonenterprise revenues in the preceding fiscal year.

Any indebtedness incurred pursuant to this section shall be repaid within five years from the date on which it is incurred. Any indebtedness incurred pursuant to this section shall bear interest at a rate which shall not exceed the rate permitted under Article 7 (commencing with Section 53530) of Chapter 3 of Part 1 of Division 2 of Title 5.

(c) Each indebtedness incurred pursuant to this section shall be authorized by resolution adopted by a four-fifths vote of the total membership of the board of directors and shall be evidenced by a promissory note signed by the president of the board of directors and the general manager.

Chapter 5. Zones

61140. (a) Whenever a board of directors determines that it is in the public interest to provide different services, provide different levels of service, provide different facilities, or raise additional revenues within specific areas of the district, it may form one or more zones pursuant to this chapter.

(b) The board of directors 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 chapter.

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

(3) States the reasons for forming the zone.

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

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

(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 directors shall fix the date, time, and place for the public hearing on the formation of the zone. The board of directors shall publish notice of the hearing, including the information required by subdivision (b), pursuant to Section 6061 in one or more newspapers of general circulation in the district. The board of directors shall mail the notice at least 20 days before the date of the hearing to all owners of property within the proposed zone. The board of directors shall post the notice in at least three public places within the territory of the proposed zone.

61141. (a) At the hearing, the board of directors shall hear and consider any protests to the formation of the zone. If, at the conclusion of the hearing, the board of directors determines either that more than 50 percent of the total number of voters residing within the proposed zone have filed written objections to the formation, or that property owners who own more than 50 percent of the assessed value of all taxable property in the proposed zone have filed written objections to the formation, then the board of directors shall terminate the proceedings. If the board of directors determines that the written objections have been filed by 50 percent or less of those voters or property owners who own 50 percent or less than the assessed value of all taxable property, then the board of directors may proceed to form the zone.

(b) If the resolution or petition proposes that the zone use special taxes, benefit assessments, fees, standby charges, bonds, or notes to finance its purposes, the board of directors shall proceed according to law. If the voters or property owners do not approve those funding methods, the zone shall not be formed.

61142. A board of directors may change the boundaries of a zone or dissolve a zone by following the procedures in Sections 61140 and 61141.

61143. 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.

61144. (a) As determined by the board of directors, a district may provide any service, any level of service, or any facility within a zone that the district may provide in the district as a whole.

(b) As determined by the board of directors and pursuant to the requirements of this division, a district may exercise any fiscal powers within a zone that the district may exercise in the district as a whole.

(c) Any special taxes, benefit assessments, rates, fees, charges, standby charges, bonds, or notes which are intended solely for the support of services or facilities within a zone, shall be levied, assessed, and charged within the boundaries of the zone.

(d) A district shall not incur a general obligation bonded indebtedness for the benefit of a zone pursuant to this section that exceeds 5 percent of the assessed value of all taxable property in the zone at the time that the bonds are issued. In computing this limit, the 5 percent shall include any other general obligation bonded indebtedness applicable to that zone.

(e) A district shall not issue promissory notes for the benefit of a zone pursuant to Section 61131 that exceed 5 percent of the zone's total enterprise and nonenterprise revenues in the preceding fiscal year. In computing this limit, the 5 percent shall include any other promissory notes applicable to that zone.

SEC. 4. Section 20682 of the Public Contract Code is repealed.

SEC. 5. Section 20682 is added to the Public Contract Code, to read:

20682. (a) A district may purchase materials and supplies for the construction or completion of any building, structure, or improvements in the open market when the cost does not exceed twenty-five thousand dollars ($25,000).

(b) Contracts for materials and supplies for the construction or completion of any building, structure, or improvement, when the cost exceeds twenty-five thousand dollars ($25,000), shall be contracted for and let to the lowest responsible bidder after notice. If two or more bids are the same and the lowest, the district board may accept the one it chooses.

(c) The district shall publish a notice inviting bids for any contract for which competitive bidding is required at least one time in a newspaper of general circulation in the district at least one week before the time specified for receiving bids. The notice inviting bids shall set a date for opening the bids and distinctly state the materials and supplies to be purchased.

(d) If the general manager recommends and the board of directors determines that the publication of advertisements of the notice in trade journals and papers in lieu of publication pursuant to subdivision (c) will increase the number of business enterprises receiving that notice, the board of directors may by resolution declare that those notices shall be published in trade journals and papers at least 10 days prior to the time specified for receiving bids.

(e) At its discretion, the board of directors may reject any bids presented and readvertise.

(f) In the case of an emergency, the board of directors may act pursuant to Chapter 2.5 (commencing with Section 22050).

(g) As an alternate to the procedures required by this section, a district may rely on the Uniform Public Construction Cost Accounting Act, Chapter 2 (commencing with Section 22000) of Part 3 of Division 2.

SEC. 6. Section 20682.5 is added to the Public Contract Code, to read:

20682.5. (a) A district may construct or complete any building, structure, or improvement with its own forces or by contract without bidding when the cost does not exceed twenty-five thousand dollars ($25,000).

(b) All contracts for the construction or completion of any building, structure, or improvement, when the cost exceeds twenty-five thousand dollars ($25,000), shall be contracted for and let to the lowest responsible bidder after notice. If two or more bids are the same and the lowest, the district board may accept the one it chooses.

(c) The district shall publish a notice inviting bids for any contract for which competitive bidding is required at least one time in a newspaper of general circulation in the district at least 10 days before the time specified for receiving bids. The notice inviting bids shall set a date for opening the bids and distinctly state the work to be done.

(d) If the general manager recommends and the board of directors determines that the publication of advertisements of the notice in trade journals and papers in lieu of publication pursuant to subdivision (c) will increase the number of business enterprises receiving that notice, the board of directors may by resolution declare that those notices shall be published in trade journals and papers at least 10 days prior to the time specified for receiving bids.

(e) If plans and specifications are prepared describing the work, all bidders shall be afforded an opportunity to examine the plans and specifications, and the plans and specifications shall be attached to and become part of the contract, if one is awarded.

(f) At its discretion, the board of directors may reject any bids presented and readvertise.

(g) In the case of an emergency, the board of directors may act pursuant to Chapter 2.5 (commencing with Section 22050).

(h) The board of directors may, subject to Chapter 7 (commencing with Section 3247) of Title 15 of Part 4 of Division 3 of the Civil Code, require the posting of those bonds it deems desirable as a condition to the filing of a bid or the letting of a contract.

(i) The district shall keep cost records of the work in the manner provided in Chapter 1 (commencing with Section 4000) of Division 5 of Title 1 of the Government Code.

(j) As an alternate to the procedures required by this section, a district may rely on the Uniform Public Construction Cost Accounting Act, Chapter 2 (commencing with Section 22000) of Part 3 of Division 2.

SEC. 7. Section 20685 of the Public Contract Code is repealed.

SEC. 8. Section 20685.5 of the Public Contract Code is amended and renumbered to read:

20683. 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.

SEC. 9. This act is based on the recommendations of the Working Group on Revising the Community Services District Law, convened by the Senate Committee on Local Government.

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.

CHAPTER 250

An act to amend Section 1569.651 of the Health and Safety Code, relating to residential care facilities.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 1569.651 of the Health and Safety Code is amended to read:

1569.651. (a) A licensee of a residential care facility for the elderly shall not require any form of preadmission fee or deposit from a recipient under the State Supplementary Program for the Aged, Blind and Disabled (Article 5 (commencing with Section 12200) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions Code) who applies for admission to the facility.

(b) If a licensee charges a preadmission fee, the licensee shall provide the applicant or his or her representative with a written general statement describing all costs associated with the preadmission fee charges and stating that the preadmission fee is refundable. The statement shall describe the conditions for the refund as specified in subdivision (g). A licensee shall only charge a single preadmission fee as defined in subdivision (e) per resident admission.

(c) A licensee of a residential care facility for the elderly shall not require, request, or accept any funds from a resident or a resident's

representative that constitutes a deposit against any possible damages by the resident.

(d) Any fee charged by a licensee of a residential care facility for the elderly, whether prior to or after admission, shall be clearly specified in the admission agreement.

(e) For the purposes of this section, "preadmission fee" means an application fee, processing fee, admission fee, entrance fee, community fee, or other fee, however designated, that is requested or accepted by a licensee of a residential care facility for the elderly prior to admission.

(f) This section shall not apply to licensees of residential care facilities for the elderly that have obtained a certificate of authority to offer continuing care contracts, as defined in paragraph (8) of subdivision (c) of Section 1771.

(g) If the applicant decides not to enter the facility prior to the facility's completion of a preadmission appraisal or if the facility fails to provide full written disclosure of the preadmission fee charges and refund conditions, the applicant or the applicant's representative shall be entitled to a refund of 100percent of the preadmission fee.

(h) Unless subdivision (g) applies, preadmission fees in excess of five hundred dollars ($500) shall be refunded according to the following:

(1) If the applicant does not enter the facility after a preadmission appraisal is conducted, the applicant or the applicant's representative shall be entitled to a refund of at least 80 percent of the preadmission fee amount in excess of five hundred dollars ($500).

(2) If the resident leaves the facility for any reason during the first month of residency, the resident shall be entitled to a refund of at least 80 percent of the preadmission fee amount in excess of five hundred dollars ($500).

(3) If the resident leaves the facility for any reason during the second month of residency, the resident shall be entitled to a refund of at least 60 percent of the preadmission fee amount in excess of five hundred dollars ($500).

(4) If the resident leaves the facility for any reason during the third month of residency, the resident shall be entitled to a refund of at least 40 percent of the preadmission fee amount in excess of five hundred dollars ($500).

(5) The facility may, but is not required to, make a refund of the preadmission fee for residents living in the facility for four or more months.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or

infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 251

An act to amend Section 4401 of the Probate Code, relating to powers of attorney.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 4401 of the Probate Code is amended to read:

4401. The following statutory form power of attorney is legally sufficient when the requirements of Section 4402 are satisfied:

UNIFORM STATUTORY FORM POWER OF ATTORNEY

(California Probate Code Section 4401)

NOTICE: THE POWERS GRANTED BY THIS DOCUMENT ARE BROAD AND SWEEPING. THEY ARE EXPLAINED IN THE UNIFORM STATUTORY FORM POWER OF ATTORNEY ACT (CALIFORNIA PROBATE CODE SECTIONS 4400–4465). IF YOU HAVE ANY QUESTIONS ABOUT THESE POWERS, OBTAIN COMPETENT LEGAL ADVICE. THIS DOCUMENT DOES NOT AUTHORIZE ANYONE TO MAKE MEDICAL AND OTHER HEALTH-CARE DECISIONS FOR YOU. YOU MAY REVOKE THIS POWER OF ATTORNEY IF YOU LATER WISH TO DO SO.

I _____
(your name and address)

appoint _____
(name and address of the person appointed, or of each person appointed if you want to designate more than one)

as my agent (attorney-in-fact) to act for me in any lawful way with respect to the following initialed subjects:

TO GRANT ALL OF THE FOLLOWING POWERS, INITIAL THE LINE IN FRONT OF (N) AND IGNORE THE LINES IN FRONT OF THE OTHER POWERS.

TO GRANT ONE OR MORE, BUT FEWER THAN ALL, OF THE FOLLOWING POWERS, INITIAL THE LINE IN FRONT OF EACH POWER YOU ARE GRANTING.

TO WITHHOLD A POWER, DO NOT INITIAL THE LINE IN FRONT OF IT. YOU MAY, BUT NEED NOT, CROSS OUT EACH POWER WITHHELD.

INITIAL

_____ (A) Real property transactions.
_____ (B) Tangible personal property transactions.
_____ (C) Stock and bond transactions.
_____ (D) Commodity and option transactions.
_____ (E) Banking and other financial institution transactions.
_____ (F) Business operating transactions.
_____ (G) Insurance and annuity transactions.
_____ (H) Estate, trust, and other beneficiary transactions.
_____ (I) Claims and litigation.
_____ (J) Personal and family maintenance.
_____ (K) Benefits from social security, medicare, medicaid, or other governmental programs, or civil or military service.
_____ (L) Retirement plan transactions.
_____ (M) Tax matters.
_____ (N) ALL OF THE POWERS LISTED ABOVE.

YOU NEED NOT INITIAL ANY OTHER LINES IF YOU INITIAL LINE (N).

SPECIAL INSTRUCTIONS:

ON THE FOLLOWING LINES YOU MAY GIVE SPECIAL INSTRUCTIONS LIMITING OR EXTENDING THE POWERS GRANTED TO YOUR AGENT.

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

UNLESS YOU DIRECT OTHERWISE ABOVE, THIS POWER OF ATTORNEY IS EFFECTIVE IMMEDIATELY AND WILL CONTINUE UNTIL IT IS REVOKED.

This power of attorney will continue to be effective even though I become incapacitated.

STRIKE THE PRECEDING SENTENCE IF YOU DO NOT WANT THIS POWER OF ATTORNEY TO CONTINUE IF YOU BECOME INCAPACITATED.

EXERCISE OF POWER OF ATTORNEY WHERE
MORE THAN ONE AGENT DESIGNATED

If I have designated more than one agent, the agents are to act

_____

IF YOU APPOINTED MORE THAN ONE AGENT AND YOU WANT EACH AGENT TO BE ABLE TO ACT ALONE WITHOUT THE OTHER AGENT JOINING, WRITE THE WORD "SEPARATELY" IN THE BLANK SPACE ABOVE. IF YOU DO NOT INSERT ANY WORD IN THE BLANK SPACE, OR IF YOU INSERT THE WORD "JOINTLY", THEN ALL OF YOUR AGENTS MUST ACT OR SIGN TOGETHER.

I agree that any third party who receives a copy of this document may act under it. A third party may seek identification. Revocation of the power of attorney is not effective as to a third party until the third party has actual knowledge of the revocation. I agree to indemnify the third party for any claims that arise against the third party because of reliance on this power of attorney.

Signed this _____ day of _____, 20 _____

_____
(your signature)

State of _____ County of _____

BY ACCEPTING OR ACTING UNDER THE APPOINTMENT, THE AGENT ASSUMES THE FIDUCIARY AND OTHER LEGAL RESPONSIBILITIES OF AN AGENT.

[Include certificate of acknowledgment of notary public in compliance with Section 1189 of the Civil Code or other applicable law.]

CHAPTER 252

An act to amend Section 115842 of the Health and Safety Code, relating to reservoirs, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 115842 of the Health and Safety Code is amended to read:

115842. (a) Recreational activity in which there is bodily contact with the water by any participant is allowed in the Sly Park Reservoir provided that all of the following conditions are satisfied:

(1) The water shall receive complete water treatment, including coagulation, flocculation, sedimentation, filtration, and disinfection; or alternative treatment that complies with all applicable department regulations and requirements. Such treatment shall, at a minimum, comply with all state laws and department regulations and all federal laws and regulations, including, but not limited to, the federal Environmental Protection Agency Long-Term 2 Enhanced Surface Water Treatment regulations. Nothing in this division shall limit the state or the department from imposing more stringent treatment standards than those required by federal law.

(2) The El Dorado Irrigation District conducts a monitoring program for E. coli, bacteria and giardia, and cryptosporidium organisms at various reservoir locations and at a frequency determined by the department.

(3) The reservoir is operated in compliance with regulations of the department.

(b) The recreational use of that reservoir shall be subject to additional conditions and restrictions adopted by the entity operating the water supply reservoir, or by the department, that are required to further protect or enhance the public health and safety and do not conflict with regulations of the department.

(c) The El Dorado Irrigation District shall file, on or before January 1, 2005, with the department, a report on the recreational uses at Sly Park Reservoir and the water treatment program for that reservoir. That report shall include, but is not limited to, providing all of the following information:

(1) The estimated levels and types of recreational uses at the reservoir on a monthly basis.

(2) A summary of available monitoring in Sly Park Reservoir watershed for giardia and cryptosporidium.

(3) The sanitary survey of the watershed and water quality monitoring plan.

(4) An evaluation, as prescribed by the department, to determine the impact on source water quality due to recreational activities on Sly Park Reservoir, including any microbiological monitoring.

(5) The reservoir management plan and the operations plan.

(6) The annual water reports submitted to the consumers each year.

(d) The department shall prescribe the degree of treatment including, but not limited to, treatment processes necessary to abate any increased hazards resulting from body contact recreation based on information provided in the report filed pursuant to subdivision (c).

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 enact a necessary change in the statutes governing the Sly Park Reservoir and the El Dorado Irrigation District, it is necessary that this act take effect immediately.

CHAPTER 253

An act to amend Sections 11521.2, 11522, and 11523 of the Insurance Code, relating to annuities, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. It is the intent of the Legislature that the reserve required to be maintained by Section 11521 of the Insurance Code be invested in a manner generally consistent with the Uniform Prudent Investor Act (Article 2.5 (commencing with Section 16045) of Chapter 1 of Part 4 of Division 1 of Title 1 of the Probate Code), subject to the specific restrictions contained in Section 11521.2 of the Insurance Code.

SEC. 2. Section 11521.2 of the Insurance Code is amended to read:

11521.2. (a) The reserve required by the table of commensurate values for each annuity contract issued must be invested in investments specified in Sections 1170 through 1182 except that a certificate holder

may invest in investment companies registered under the federal Investment Company Act of 1940, and in securities, including interests in those investment companies, listed and traded on the New York Stock Exchange, the American Stock Exchange or regional stock exchanges or the National Market System of the Nasdaq Stock Market or successors to such exchanges or market having the same qualifications, to the extent of the lesser of net worth (assets over liabilities and reserves) of the certificate holder or 50 percent of these general investments. This section does not permit investment in options or commodity exchanges.

(b) The certificate holder may invest in other investments as permitted by and subject to the written consent of the commissioner.

SEC. 3. Section 11522 of the Insurance Code is amended to read:

11522. Every organization or person holding a certificate of authority to receive transfers under this chapter shall make and file with the commissioner information regarding each agreement entered into between the permit or certificate holder and the transferor. The information requested by the commissioner shall be provided in the number, form, and format, at the intervals, and by the methods prescribed by the commissioner. The organization or person shall pay a basic fee to the commissioner for the filing of the requested information. The basic fee as provided in this section shall be established by rules and regulations adopted by the commissioner pursuant to Section 11521.5 for information filed by the organization or person where information is filed regarding up to 10 agreements within any calendar quarter. Thereafter, within each calendar quarter, the fee for information filed regarding each agreement shall be as follows: 50 percent of the basic fee for information filed regarding 11 to 20 agreements filed; 20 percent of the basic fee for information filed regarding 21 to 30 agreements filed; 10 percent of the basic fee for information filed regarding 31 to 40 agreements filed; and 5 percent of the basic filing fee for information filed regarding 41 or more agreements.

The fees as provided herein shall be paid with the filing of the information regarding the agreements by the organization or person.

SEC. 4. Section 11523 of the Insurance Code is amended to read:

11523. (a) The annuity agreement shall show each of the following:

(1) The value of the property transferred.

(2) The amount of annuity agreed to be paid to the transferor or his nominee.

(3) The manner in which, and the intervals at which, the annuity is to be paid.

(4) The age, in years, at or nearest the date of the agreement, of the person during whose life the annuity is to be paid.

(5) The effective date of the agreement.

(6) The signature of each donor.

(7) The following clause, in at least 12-point boldface type, located on the same page as and in the immediate proximity of the donor signature line: "Annuities are subject to regulation by the State of California. Payments under this agreement, however, are not protected or otherwise guaranteed by any government agency or the California Life and Health Insurance Guarantee Association.

(b) Every organization or person holding a certificate of authority to receive transfers under this chapter shall annually certify to the commissioner that all agreements entered into during the time period covered by the certification show all of the information set forth in subdivision (a). The certification shall be in the number, form, and format, by the method, and at the time prescribed by the commissioner. The commissioner may from time to time as he or she deems necessary require that a copy of each agreement be submitted to the department.

SEC. 5. The changes made to Sections 11522 and 11523 of the Insurance Code by Sections 3 and 4 of this act shall become operative on January 1, 2006.

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 allow grants and annuities societies to invest their reserves responsibly and competitively, it is necessary that this act take effect immediately.

CHAPTER 254

An act to add Section 1099 to the Government Code, relating to public service.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 1099 is added to the Government Code, to read:

1099. (a) A public officer, including, but not limited to, an appointed or elected member of a governmental board, commission, committee, or other body, shall not simultaneously hold two public offices that are incompatible. Offices are incompatible when any of the following

circumstances are present, unless simultaneous holding of the particular offices is compelled or expressly authorized by law:

(1) Either of the offices may audit, overrule, remove members of, dismiss employees of, or exercise supervisory powers over the other office or body.

(2) Based on the powers and jurisdiction of the offices, there is a possibility of a significant clash of duties or loyalties between the offices.

(3) Public policy considerations make it improper for one person to hold both offices.

(b) When two public offices are incompatible, a public officer shall be deemed to have forfeited the first office upon acceding to the second. This provision is enforceable pursuant to Section 803 of the Code of Civil Procedure.

(c) This section does not apply to a position of employment, including a civil service position.

(d) This section shall not apply to a governmental body that has only advisory powers.

(e) For purposes of paragraph (1) of subdivision (a), a member of a multimember body holds an office that may audit, overrule, remove members of, dismiss employees of, or exercise supervisory powers over another office when the body has any of these powers over the other office or over a multimember body that includes that other office.

(f) This section codifies the common law rule prohibiting an individual from holding incompatible public offices.

SEC. 2. Nothing in this act is intended to expand or contract the common law rule prohibiting an individual from holding incompatible public offices. It is intended that courts interpreting this act shall be guided by judicial and administrative precedent concerning incompatible public offices developed under the common law.

CHAPTER 255

An act relating to the payment of claims against the state, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. (a) The sum of seven hundred thirty-nine thousand four hundred seventeen dollars and ninety-six cents ($739,417.96) is hereby appropriated from the various funds, as specified in subdivision (b), to the Executive Officer of the California Victim Compensation and Government Claims Board for the payment of claims accepted by the board in accordance with the schedule set forth in subdivision (b).

(b) Pursuant to subdivision (a), claims accepted by the California Victim Compensation and Government Claims Board shall be paid in accordance with the following schedule:

Total for Fund: Deferred Compensation Plan Fund (0915)	$231.59
Total for Fund: General Fund (0001)	$394,761.41
Total for Fund: Item 0520-001-0001, Budget Act of 2005, Program 25	$8,000.00
Total for Fund: Item 2400-001-0933, Budget Act of 2005, Program 30	$155.00
Total for Fund: Item 2660-001-0042, Budget Act of 2005, Program 20.10	$10,312.94
Total for Fund: Item 2740-001-0044(6), Budget Act of 2005	$6,377.63
Total for Fund: Item 3540-001-0001(1), Budget Act of 2005	$1,240.00
Total for Fund: Item 3600-001-0001(6), Budget Act of 2005	$390.51
Total for Fund: Item 3600-001-0200, Budget Act of 2005	$2,087.99
Total for Fund: Item 3900-001-0044(1), Budget Act of 2005, Program 15	$2,132.96
Total for Fund: Item 3910-001-0100, Budget Act of 2005, Program 11	$39.84
Total for Fund: Item 3940-001-0001(3), Budget Act of 2005, Program 10	$1,920.00
Total for Fund: Item 4100-001-0890(1), Budget Act of 2005	$223.04
Total for Fund: Item 4140-001-0143, Budget Act of 2005, Program 30	$782.00
Total for Fund: Item 4200-103-0001(1), Budget Act of 2005	$22,470.85
Total for Fund: Item 4260-001-0001(4), Budget Act of 2005	$349.27

Total for Fund: Item 4260-001-0001, Budget Act of 2003	$181.11
Total for Fund: Item 4300-003-0001(1), Budget Act of 2005	$1,813.35
Total for Fund: Item 4300-101-0001(2), Budget Act of 2005	$2,436.00
Total for Fund: Item 5160-001-0001(1), Budget Act of 2005	$14,421.50
Total for Fund: Item 5180-001-0001, Budget Act of 2005, Program 25	$266.24
Total for Fund: Item 5180-001-0001, Budget Act of 2005, Program 60	$12,161.60
Total for Fund: Item 5180-111-0001, Budget Act of 2005, Program 25.15	$779.47
Total for Fund: Item 5225-001-0001, Budget Act of 2005, Program 20	$1,916.00
Total for Fund: Item 5225-001-0001, Budget Act of 2005, Program 25	$46,745.53
Total for Fund: Item 5225-001-0001, Budget Act of 2005, Program 50	$3,967.67
Total for Fund: Item 6110-001-0001(3), Budget Act of 2005	$19,884.74
Total for Fund: Item 6110-001-0001(6), Budget Act of 2005	$2,405.57
Total for Fund: Item 6610-001-0001(1), Budget Act of 2005	$4,376.37
Total for Fund: Item 7100-001-0185(2), Budget Act of 2005	$142,997.57
Total for Fund: Item 7100-001-0870(2), Budget Act of 2005	$315.69
Total for Fund: Item 7100-001-0870(4), Budget Act of 2005	$1,608.85
Total for Fund: Item 7100-101-0871, Budget Act of 2005	$1,440.00
Total for Fund: Item 7350-001-0001(6), Budget Act of 2005	$24,716.16
Total for Fund: Item 8380-001-0915, Budget Act of 2005, Program 54	$3,413.70
Total for Fund: Item 8940-001-0001, Budget Act of 2004, Program 10	$186.95
Total for Fund: Item 8940-001-0001, Budget Act of 2005, Program 10	$77.22

Total for Fund: Public Employees Retirement Fund (0830)	$1,423.44
Total for Fund: State Highway Account (0042)	$227.70
Total for Fund: State Lottery Fund (0562)	$180.50

SEC. 2. The sum of six million three hundred eighty-four thousand seven hundred ninety-eight dollars and fifteen cents ($6,384,798.15) is hereby appropriated from the Proposition 98 Reversion Account to the Executive Officer of the California Victim Compensation and Government Claims Board for payment of Sunnyvale School District desegregation claims and interest owed through the 1991-92 fiscal year.

SEC. 3. Upon the request of the California Victim Compensation and Government Claims Board in a form prescribed by the Controller, the Controller shall transfer surcharges and fees from the Budget Act items of appropriation identified in subdivision (b) of Section 1 of this act to Item 1870-001-0001 of Section 2.00 of the Budget Act of 2005. For each Budget Act item of appropriation, this amount shall not exceed the cumulative total of the per claim filing fees and the surcharge authorized by Section 905.2 of the Government Code. For those items in subdivision (b) of Section 1 of this act that do not reflect a Budget Act appropriation, the Controller shall transfer an amount not to exceed the cumulative total of the per claim filing fees and the surcharge authorized by Section 905.2 of the Government Code. This amount shall be transferred for support of the board as reimbursements to Item 1870-001-0001 of Section 2.00 of the Budget Act of 2005. The board shall provide a report of the amounts recovered pursuant to this authority to the Department of Finance within 90 days of the enactment of this act.

SEC. 4. Pursuant to Section 13965 of the Government Code, the Legislature hereby approves the report submitted by the California Victim Compensation and Government Claims Board on the following victim compensation claims:

(a) Walnut Avenue Women's Center	$48,938.00
(b) Jenesse Center	$24,846.00
(c) Rainbow Services	$10,917.00
(d) Claim No. 698029	$7,500.00
(e) Claim No. 728651	$7,350.00
(f) Claim No. 712306	$6,733.28
(g) Claim No. 702298	$3,209.86

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to settle claims against the state and end hardship to claimants as quickly as possible, it is necessary for this act to take effect immediately.

CHAPTER 256

An act to add Section 13083 to the Financial Code, relating to automated teller machines.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 13083 is added to the Financial Code, to read:

13083. (a) Subject to the requirements of Section 13080, an agreement to operate or share an automated teller machine may not prohibit, limit, or restrict the right of the operator or owner of the automated teller machine to charge a customer conducting a transaction using an account from a financial institution that is located outside the United States an access fee or surcharge not otherwise prohibited under state or federal law.

(b) Notwithstanding subdivision (a), nothing in this section shall be construed to prohibit or otherwise limit the ability of an operator or owner of an automated teller machine to voluntarily enter into an agreement regarding participation in a surcharge free network.

(c) For purposes of this section, the terms "operator" and "automated teller machine" have the meanings set forth in Section 13020.

(d) For the purposes of this section, the term "owner" means any entity that is not an operator under Section 13020, but that owns an automated teller machine.

CHAPTER 257

An act to amend Sections 17207, 17408, and 17419 of the Financial Code, relating to escrow agents.

[Approved by Governor September 22, 2005. Filed with
Secretary of State September 22, 2005.]

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

SECTION 1. Section 17207 of the Financial Code, as amended by Section 1 of Chapter 499 of the Statutes of 2001, is amended to read:

17207. The commissioner shall charge and collect the following fees and assessments:

(a) For filing an application for an escrow agent's license, six hundred twenty-five dollars ($625) for the first office or location and four hundred twenty-five dollars ($425) for each additional office or location.

(b) For filing an application for a duplicate of an escrow agent's license lost, stolen, or destroyed, or for replacement, upon a satisfactory showing of the loss, theft, destruction, or surrender of certificate for replacement, two dollars ($2).

(c) For investigation services in connection with each application, one hundred dollars ($100), and for investigation services in connection with each additional office application, one hundred dollars ($100).

(d) For holding a hearing in connection with the application, as set forth under Section 17209.2, the actual costs experienced in each particular instance.

(e) (1) Each escrow agent shall pay to the commissioner for the support of this division for the ensuing year an annual license fee not to exceed two thousand eight hundred dollars ($2,800) for each office or location.

(2) On or before May 30 in each year, the commissioner shall notify each escrow agent by mail of the amount of the annual license fee levied against it, and that the payment of the invoice is payable by the escrow agent within 30 days after receipt of notification by the commissioner.

(3) If payment is not made within 30 days, the commissioner may assess and collect a penalty, in addition to the annual license fee, of 10 percent of the fee for each month or part of a month that the payment is delayed or withheld.

(4) If an escrow agent fails to pay the amount due on or before the June 30 following the day upon which payment is due, the commissioner may by order summarily suspend or revoke the certificate issued to the company.

(5) If, after an order is made pursuant to paragraph (4), a request for a hearing is filed in writing and a hearing is not held within 60 days thereafter, the order is deemed rescinded as of its effective date. During any period when its certificate is revoked or suspended, a company shall not conduct business pursuant to this division, except as may be permitted

by order of the commissioner. However, the revocation, suspension, or surrender of a certificate shall not affect the powers of the commissioner as provided in this division.

(f) Fifty dollars ($50) for investigation services in connection with each application for qualification of any person under Section 17200.8, other than investigation services under subdivision (c) of this section.

(g) A fee not to exceed twenty-five dollars ($25) for the filing of a notice or report required by rules adopted pursuant to subdivision (a) or Section 17203.1.

(h) (1) If costs and expenses associated with the enforcement of this division, including overhead, are or will be incurred by the commissioner during the year for which the annual license fee is levied, and that will or could result in the commissioner's incurring of costs and expenses, including overhead, in excess of the costs and expenses, including overhead, budgeted for expenditure for the year in which the annual license fee is levied, then the commissioner may levy a special assessment on each escrow agent for each office or location in an amount estimated to pay for the actual costs and expenses associated with the enforcement of this division, including overhead, in an amount not to exceed five hundred dollars ($500) for each office or location. The commissioner shall notify each escrow agent by mail of the amount of the special assessment levied against it, and that payment of the special assessment is payable by the escrow agent within 30 days of receipt of notification by the commissioner. The funds received from the special assessment shall be deposited into the State Corporations Fund and shall be used only for the purposes for which the special assessment is made.

(2) If payment is not made within 30 days, the commissioner may assess and collect a penalty, in addition to the special assessment, of 10 percent of the special assessment for each month or part of a month that the payment is delayed or withheld. If an escrow agent fails to pay the special assessment on or before 30 days following the day upon which payment is due, the commissioner may by order summarily suspend or revoke the certificate issued to the company. If an order is made under this subdivision, the provisions of paragraph (5) of subdivision (e) of this section shall apply.

(3) If the amount collected pursuant to this subdivision exceeds the actual costs and expenses, including overhead, incurred in the administration and enforcement of this division and any deficit incurred, the excess shall be credited to each escrow agent on a pro rata basis.

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

SEC. 2. Section 17207 of the Financial Code, as amended by Section 2 of Chapter 499 of the Statutes of 2001, is amended to read:

17207. The commissioner shall charge and collect the following fees and assessments:

(a) For filing an application for an escrow agent's license, six hundred twenty-five dollars ($625) for the first office or location and four hundred twenty-five dollars ($425) for each additional office or location.

(b) For filing an application for a duplicate of an escrow agent's license lost, stolen, or destroyed, or for replacement, upon a satisfactory showing of the loss, theft, destruction, or surrender of certificate for replacement, two dollars ($2).

(c) For investigation services in connection with each application, one hundred dollars ($100), and for investigation services in connection with each additional office application, one hundred dollars ($100).

(d) For holding a hearing in connection with the application, as set forth under Section 17209.2, the actual costs experienced in each particular instance.

(e) (1) Each escrow agent shall pay to the commissioner its pro rata share of all costs and expenses reasonably incurred in the administration of this division, as estimated by the commissioner for the ensuing year, and of any deficit actually incurred or anticipated in the administration of this division in the year in which the assessment is made. Commencing with the assessment for fiscal year 2010-11, the assessment shall not increase by more than 25 percent over the amount assessed in the prior year. The pro rata share shall be the proportion which a licensee's gross income from escrow operations bears to the aggregate gross income from escrow operations of all licensees as compiled by the commissioner. The pro rata share shall not include the costs of any examinations provided for in Section 17405.1, unless they cannot be collected from the company examined. If the pro rata assessment collected pursuant to this paragraph exceeds the actual costs and expenses incurred in the administration of this division and any deficit incurred, the excess shall be credited to each escrow agent on a pro rata basis.

(2) On or before May 30 in each year, the commissioner shall notify each escrow agent by mail of the amount assessed and levied against it, and that the payment of any invoice for assessments of the commissioner is payable by the escrow agent in three installments with the first installment payable within 20 days after receipt of notification by the commissioner and the second and third installments payable within 20 days of August 31 and November 30, respectively, in each year. The first installment payment shall be 50 percent of the amount assessed, and the second and third installment payments shall each be 25 percent of the amount assessed.

(A) If the first installment payment is not made within 20 days, the commissioner may assess and collect a penalty, in addition to the assessment, of 10 percent of the assessment for each month or part of a month that the payment is delayed or withheld.

(B) If the second installment payment is not made within 20 days of August 31 in each year, the commissioner may assess and collect a penalty, in addition to the assessment, of 10 percent of the assessment for each month or part of a month that the payment is delayed or withheld.

(C) If the third installment payment is not made within 20 days of November 30 in each year, the commissioner may assess and collect a penalty, in addition to the assessment, of 10 percent of the assessment for each month or part of a month that the payment is delayed or withheld.

(3) In the levying and collection of the assessment, an escrow agent shall not be assessed for, nor be permitted to pay less than, three hundred fifty dollars ($350) per year, per location.

(4) (A) If an escrow agent fails to pay the first assessment on or before the June 30 following the day upon which payment is due, the commissioner may by order summarily suspend or revoke the certificate issued to the company.

(B) If an escrow agent fails to pay the second installment payment on or before September 30 in each year, the commissioner may by order summarily suspend or revoke the certificate issued to the company.

(C) If an escrow agent fails to pay the third installment payment on or before December 31 in each year, the commissioner may by order summarily suspend or revoke the certificate issued to the company.

(D) If, after this order is made, a request for a hearing is filed in writing and a hearing is not held within 60 days thereafter, the order is deemed rescinded as of its effective date. During any period when its certificate is revoked or suspended, a company shall not conduct business pursuant to this division, except as may be permitted by order of the commissioner. However, the revocation, suspension, or surrender of a certificate shall not affect the powers of the commissioner as provided in this division.

(f) Fifty dollars ($50) for investigation services in connection with each application for qualification of any person under Section 17200.8, other than investigation services under subdivision (c) of this section.

(g) A fee not to exceed twenty-five dollars ($25) for the filing of a notice or report required by rules adopted pursuant to subdivision (a) or Section 17203.1.

(h) This section shall become operative January 1, 2010.

SEC. 2. Section 17408 of the Financial Code is amended to read:

17408. (a) If any person subject to this division fails to make any report required by law or by the commissioner, the commissioner may immediately cause the books, records, papers, and affairs of said person to be thoroughly examined.

(b) The commissioner may impose, by order, a penalty on any person who fails, within the time specified in any written demand of the commissioner, (1) to make and file with the commissioner any report required by law or requested by the commissioner, or (2) to furnish any material information required by the commissioner to be included in the report. The amount of the penalty may not exceed one hundred dollars ($100) for each day for the first five days the report or information is overdue, and thereafter may not exceed five hundred dollars ($500) for each day the report or information is overdue.

(c) If, after an order has been made under subdivision (b), a request for hearing is filed in writing within 30 days of the date of service of the order by the person to whom the order was directed, a hearing shall be held in accordance with the Administrative Procedure Act, Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the commissioner shall have all the powers granted under that chapter.

(d) If the person fails to file a written request for a hearing within 30 days of the date of service of the order, the order imposing the penalty shall be deemed a final order of the commissioner, and the penalty shall be paid within five business days.

(e) If a hearing is requested, the penalty shall be paid within five business days after the effective date of any decision in the case ordering payment to be made.

SEC. 3. Section 17419 of the Financial Code is amended to read:

17419. On and after January 1, 1992, any person seeking employment with an escrow agent shall complete an employment application on or before the first day of employment which includes, at least, the following information. A copy of the employment application shall be forwarded to the commissioner on or before the first day of the applicant's employment. Persons required to file a statement of identity and questionnaire pursuant to subdivision (f) of Section 17209 or Section 17212.1 are not required to file the employment application set forth in this section. Each person completing the employment application shall be given the notice required by the Information Practices Act (Section 1798.17 of the Civil Code), copies of which may be obtained from the commissioner. Nothing in this section shall limit an escrow agent from requesting additional information from an applicant.

STATEMENT OF IDENTITY
AND EMPLOYMENT APPLICATION

Name of Escrow Company: _____

Escrow Agent License Number: _____

1. Exact Full Name:

_____

(Please Print or Type) First Name Middle Name Last Name

(Do not use initials or nicknames)

Title of position to be filled in connection with the preparation of this employment application.

_____

2. Employment for the last 10 years:

From	To	Employer Name and Address	Occupation and Duties
	Present		

NOTE: Attach separate schedule if space is not adequate.

3. Residence addresses for the last 10 years:

From	To	Street	City	State
	Present			

NOTE: Attach separate schedule if space is not adequate.

4. Have you ever been named in any order, judgment or decree of any court or any governmental agency or administrator, temporarily or permanently restraining or enjoining you from engaging in or continuing any conduct, practice or employment?

( ) Yes ( ) No

If the answer is "Yes", please
complete the following:

Date of Suit: _____
Location of Court (City, County, State): _____
Nature of Suit: _____

Note: Attach a certified copy of any order, judgment, or decree.

5. Have you ever been refused a license to engage in any business in this state or any other state, or has any such license ever been suspended or revoked?

( ) Yes ( ) No

If the answer is "Yes," please
complete the following:

State: _____ Title of State Department: _____
Nature of License and Number: _____

Note: Attach a certified copy of any order, judgment, or decree.

6. Have you ever been convicted of or pleaded nolo contendere to a crime other than minor traffic citations that do not constitute a misdemeanor or felony offense?

NOTE: "Convicted" includes a verdict of guilty by judge or jury, a plea of guilty or of nolo contendere or a forfeiture of bail. All convictions must be disclosed even if the plea or verdict was thereafter set aside and the charges against you dismissed or expunged or if you have been pardoned. Convictions occurring while you were a minor must be disclosed unless the record of conviction has been sealed under Section 1203.45 of the California Penal Code or Section 781 of the California Welfare and Institutions Code.

( ) Yes ( ) No

If the answer is "Yes" please
complete the following:

Date of Case: _____
Location of Court (City, County, State): _____
Nature of Case: _____

Note: Attach a certified copy of any order, judgment, or decree.

7. Have you ever been a defendant in a civil court action other than divorce, condemnation or personal injury?

( ) Yes ( ) No

If the answer is "Yes" please complete the following:

Date of Suit: _____
Location of Court (City, County, State): _____
Nature of Suit: _____

Note: Attach a certified copy of any order, judgment, or decree.

8. Have you ever changed your name or ever been known by any name other than that herein listed? (**Including a woman's maiden name**)

( ) Yes ( ) No

If so, explain. Change in name through marriage or court order should also be listed.

EXACT DATE OF EACH NAME CHANGE MUST BE LISTED.

_____
_____

9. Have you ever done business under a fictitious firm name either as an individual or in the partnership or corporate form?

( ) Yes ( ) No

If the answer is "Yes" set forth particulars:

_____
_____

10. Have you ever been a subject of a bankruptcy or a petition in bankruptcy?

( ) Yes ( ) No

If the answer is "Yes" give date, title of case, location of bankruptcy filing:

_____
_____
_____

11. Have you ever been refused a bond, or have you ever had a bond revoked or canceled?

( ) Yes ( ) No

If the answer is "Yes" give details:

_____

_____

12. In what capacity will you be employed?_____
(e.g., Clerk, Escrow Officer, Receptionist, etc.)

13. Do you expect to be a party to, or broker or salesman in connection with escrows conducted by the escrow company which is employing you?

( ) Yes ( ) No

If the answer is "Yes" please explain:

_____

_____

_____

NOTE: Attach separate schedule if space is not adequate.

VERIFICATION

I, the undersigned, state that I am the person named in the foregoing Statement of Identity and Employment Application; that I have read and signed said Statement of Identity and Employment Application and know the contents thereof, including all exhibits attached thereto, and that the statements made therein, including any exhibits attached thereto, are true.

Any person who provides false information is guilty of a felony and shall, upon conviction, be fined not more than ten thousand dollars ($10,000) or imprisoned in the state prison for one year or more or in a county jail for not more than one year, or be punished by both such fine and imprisonment. Any person who knows or should have known of a violation of this section shall immediately report the violation in writing to the commissioner.

I certify/declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
Executed at _____
(City)

_____
(County) (State)

this _____ day of _____, 20 __.

_____
(Signature of Declarant)

CHAPTER 258

An act to add Section 6254.26 to the Government Code, relating to public records.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. The Legislature finds and declares that Section 2 of this act, which adds Section 6254.26 of the Government Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

(a) Access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state pursuant to subdivision (b) of Section 3 of Article I of the California Constitution and Section 6250 of the Government Code. The public has a paramount interest in knowing how public money is spent and invested.

(b) Public pension and retirement systems and public endowments and foundations have a fiduciary duty to invest the assets of these funds with care, skill, prudence, and diligence. This fiduciary duty includes diversifying the investment of assets in a manner so as to minimize the risk of loss and maximize the rate of return. Investment in high performing alternative investments is a component of diversifying the pension assets and maximizing the rate of return.

(c) At the same time, a certain narrow class of public investments, alternative investments, involves some information that historically has been kept confidential because confidentiality is essential to their success. The disclosure of certain information pertaining to alternative investments could be harmful to generating sustainable and profitable rates of return for the investments of the pension or retirement system and of the public

endowment or foundation. Public pension systems desire to invest a portion of their portfolio in alternative investments to boost return.

(d) Following recent litigation seeking to require public pension funds and retirement systems and public endowments or foundations to disclose certain information about alternative investments, the funds risk being excluded from participation in certain alternative investments. Exclusion from investing pension or retirement system assets in alternative investments may impose substantial costs on state public pension funds and the public employees who are their beneficiaries.

(e) It is the intent of this legislation to balance the public's right of access to information and the ability of public pension funds to continue to invest in alternative investment funds. It is also the intent of this legislation to allow the public to monitor the performance of public investments; for public bodies to avoid payment of excessive fees to private individuals or companies; and for the public to be able to know the principals involved in management of alternative investment funds in which public investment funds have invested so that conflicts of interest on the part of public officials can be avoided. This legislation is not intended to reverse the general presumption of access and openness of the California Public Records Act and subdivision (b) of Section 3 of Article I of the California Constitution.

(f) It is not the intent of this legislation to overrule or invalidate any court orders in or stipulated resolutions of prior litigation relating to any public entity's obligation to disclose information about its alternative investments to narrow the information disclosed as a result of those decisions, or in any other way to apply retroactively. It is, rather, the intent of this legislation to establish predictability about what should and should not be disclosed regarding private equity funds so that public pension funds will be able to continue to invest in private equity funds.

SEC. 2. Section 6254.26 is added to the Government Code, to read:

6254.26. (a) Notwithstanding any provision of this chapter or other law, the following records regarding alternative investments in which public investment funds invest shall not be subject to disclosure pursuant to this chapter, unless the information has already been publicly released by the keeper of the information:

(1) Due diligence materials that are proprietary to the public investment fund or the alternative investment vehicle.

(2) Quarterly and annual financial statements of alternative investment vehicles.

(3) Meeting materials of alternative investment vehicles.

(4) Records containing information regarding the portfolio positions in which alternative investment funds invest.

(5) Capital call and distribution notices.

(6) Alternative investment agreements and all related documents.

(b) Notwithstanding subdivision (a), the following information contained in records described in subdivision (a) regarding alternative investments in which public investment funds invest shall be subject to disclosure pursuant to this chapter and shall not be considered a trade secret exempt from disclosure:

(1) The name, address, and vintage year of each alternative investment vehicle.

(2) The dollar amount of the commitment made to each alternative investment vehicle by the public investment fund since inception.

(3) The dollar amount of cash contributions made by the public investment fund to each alternative investment vehicle since inception.

(4) The dollar amount, on a fiscal yearend basis, of cash distributions received by the public investment fund from each alternative investment vehicle.

(5) The dollar amount, on a fiscal yearend basis, of cash distributions received by the public investment fund plus remaining value of partnership assets attributable to the public investment fund's investment in each alternative investment vehicle.

(6) The net internal rate of return of each alternative investment vehicle since inception.

(7) The investment multiple of each alternative investment vehicle since inception.

(8) The dollar amount of the total management fees and costs paid on an annual fiscal yearend basis, by the public investment fund to each alternative investment vehicle.

(9) The dollar amount of cash profit received by public investment funds from each alternative investment vehicle on a fiscal yearend basis.

(c) For purposes of this section, the following definitions shall apply:

(1) "Alternative investment" means an investment in a private equity fund, venture fund, hedge fund, or absolute return fund.

(2) "Alternative investment vehicle" means the limited partnership, limited liability company, or similar legal structure through which the public investment fund invests in portfolio companies.

(3) "Portfolio positions" means individual portfolio investments made by the alternative investment vehicles.

(4) "Public investment fund" means any public pension or retirement system, and any public endowment or foundation.

CHAPTER 259

An act to amend Sections 4017.1 and 5071 of the Penal Code, relating to personal information.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 4017.1 of the Penal Code is amended to read:

4017.1. (a) (1) Except as provided in paragraph (2), any person confined in a county jail, industrial farm, road camp, or city jail who is required or permitted by an order of the board of supervisors or city council to perform work, and any person while performing community service in lieu of a fine or custody, or who is assigned to work furlough, may not be employed to perform any function that provides access to personal information of private individuals, including, but not limited to: addresses; telephone numbers; health insurance, taxpayer, school, or employee identification numbers; mothers' maiden names; demand deposit account, debit card, credit card, savings, or checking account numbers, PINs, or passwords; social security numbers; places of employment; dates of birth; state or government issued driver's license or identification numbers; alien registration numbers; government passport numbers; unique biometric data, such as fingerprints, facial scan identifiers, voice prints, retina or iris images, or other similar identifiers; unique electronic identification numbers; address or routing codes; and telecommunication identifying information or access devices.

(2) Notwithstanding paragraph (1), persons assigned to work furlough programs may be permitted to work in situations that allow them to retain or look at a driver's license or credit card for no longer than the period of time needed to complete an immediate transaction. However, no person assigned to work furlough shall be placed in any position that may require the deposit of a credit card or driver's license as insurance or surety.

(b) Any person confined in a county jail, industrial farm, road camp, or city jail who has access to any personal information shall disclose that he or she is confined before taking any personal information from anyone.

(c) This section shall not apply to inmates in employment programs or public service facilities where incidental contact with personal information may occur.

SEC. 2. Section 5071 of the Penal Code is amended to read:

5071. (a) The Secretary of the Department of Corrections and Rehabilitation shall not assign any prison inmate to employment that provides that inmate with access to personal information of private individuals, including, but not limited to: addresses; telephone numbers; health insurance, taxpayer, school, or employee identification numbers; mothers' maiden names; demand deposit account, debit card, credit card, savings, or checking account numbers, PINs, or passwords; social security numbers; places of employment; dates of birth; state or government issued driver's license or identification numbers; alien registration numbers; government passport numbers; unique biometric data, such as fingerprints, facial scan identifiers, voice prints, retina or iris images, or other similar identifiers; unique electronic identification numbers; address or routing codes; and telecommunication identifying information or access devices.

(b) Any person who is a prison inmate, and who has access to any personal information, shall disclose that he or she is a prison inmate before taking any personal information from anyone.

(c) This section shall not apply to inmates in employment programs or public service facilities where incidental contact with personal information may occur.

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 260

An act to amend Section 51182 of the Government Code, to amend Section 14875 of the Health and Safety Code, and to amend Section 4291 of the Public Resources Code, relating to vegetation management.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 51182 of the Government Code is amended to read:

51182. (a) Any person who owns, leases, controls, operates, or maintains any occupied dwelling or occupied structure in, upon, or adjoining any mountainous area, forest-covered land, brush-covered

land, grass-covered land, or any land that is covered with flammable material, which area or land is within a very high fire hazard severity zone designated by the local agency pursuant to Section 51179, shall at all times do all of the following:

(1) Maintain around and adjacent to the occupied dwelling or occupied structure a firebreak made by removing and clearing away, for a distance of not less than 30 feet on each side thereof or to the property line, whichever is nearer, all flammable vegetation or other combustible growth. This paragraph does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to any dwelling or structure.

(2) Maintain around and adjacent to the occupied dwelling or occupied structure additional fire protection or firebreaks made by removing all brush, flammable vegetation, or combustible growth that is located within 100 feet from the occupied dwelling or occupied structure or to the property line, or at a greater distance if required by state law, or local ordinance, rule, or regulation. This section does not prevent an insurance company that insures an occupied dwelling or occupied structure from requiring the owner of the dwelling or structure to maintain a firebreak of more than 100 feet around the dwelling or structure if a hazardous condition warrants such a firebreak of a greater distance. Grass and other vegetation located more than 30 feet from the dwelling or structure and less than 18 inches in height above the ground may be maintained where necessary to stabilize the soil and prevent erosion. This paragraph does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to a dwelling or structure.

(3) Remove that portion of any tree that extends within 10 feet of the outlet of any chimney or stovepipe.

(4) Maintain any tree adjacent to or overhanging any building free of dead or dying wood.

(5) Maintain the roof of any structure free of leaves, needles, or other dead vegetative growth.

(6) Provide and maintain at all times a screen over the outlet of every chimney or stovepipe that is attached to any fireplace, stove, or other device that burns any solid or liquid fuel. The screen shall be constructed and installed in accordance with the California Building Standards Code.

(7) Prior to constructing a new dwelling or structure that will be occupied or rebuilding an occupied dwelling or occupied structure damaged by a fire in such zone, the construction or rebuilding of which requires a building permit, the owner shall obtain a certification from

the local building official that the dwelling or structure, as proposed to be built, complies with all applicable state and local building standards, including those described in subdivision (b) of Section 51189, and shall provide a copy of the certification, upon request, to the insurer providing course of construction insurance coverage for the building or structure. Upon completion of the construction or rebuilding, the owner shall obtain from the local building official, a copy of the final inspection report that demonstrates that the dwelling or structure was constructed in compliance with all applicable state and local building standards, including those described in subdivision (b) of Section 51189, and shall provide a copy of the report, upon request, to the property insurance carrier that insures the dwelling or structure.

(b) A person is not required under this section to maintain any clearing on any land if that person does not have the legal right to maintain the clearing, nor is any person required to enter upon or to damage property that is owned by any other person without the consent of the owner of the property.

SEC. 1.5. Section 51182 of the Government Code is amended to read:

51182. (a) Any person who owns, leases, controls, operates, or maintains any occupied dwelling or occupied structure in, upon, or adjoining any mountainous area, forest-covered land, brush-covered land, grass-covered land, or any land that is covered with flammable material, which area or land is within a very high fire hazard severity zone designated by the local agency pursuant to Section 51179, shall at all times do all of the following:

(1) Maintain around and adjacent to the occupied dwelling or occupied structure a firebreak made by removing and clearing away, for a distance of not less than 30 feet on each side thereof or to the property line, whichever is nearer, all flammable vegetation or other combustible growth. This paragraph does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to any dwelling or structure.

(2) Maintain around and adjacent to the occupied dwelling or occupied structure additional fire protection or firebreaks made by removing all brush, flammable vegetation, or combustible growth that is located within 100 feet from the occupied dwelling or occupied structure or to the property line, or at a greater distance if required by state law, or local ordinance, rule, or regulation. This section does not prevent an insurance company that insures an occupied dwelling or occupied structure from requiring the owner of the dwelling or structure to maintain a firebreak of more than 100 feet around the dwelling or structure if a hazardous

condition warrants such a firebreak of a greater distance. Grass and other vegetation located more than 30 feet from the dwelling or structure and less than 18 inches in height above the ground may be maintained where necessary to stabilize the soil and prevent erosion. This paragraph does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to a dwelling or structure.

(3) Remove that portion of any tree that extends within 10 feet of the outlet of any chimney or stovepipe.

(4) Maintain any tree adjacent to or overhanging any building free of dead or dying wood.

(5) Maintain the roof of any structure free of leaves, needles, or other dead vegetative growth.

(6) Prior to constructing a new dwelling or structure that will be occupied or rebuilding an occupied dwelling or occupied structure damaged by a fire in that zone, the construction or rebuilding of which requires a building permit, the owner shall obtain a certification from the local building official that the dwelling or structure, as proposed to be built, complies with all applicable state and local building standards, including those described in subdivision (b) of Section 51189, and shall provide a copy of the certification, upon request, to the insurer providing course of construction insurance coverage for the building or structure. Upon completion of the construction or rebuilding, the owner shall obtain from the local building official, a copy of the final inspection report that demonstrates that the dwelling or structure was constructed in compliance with all applicable state and local building standards, including those described in subdivision (b) of Section 51189, and shall provide a copy of the report, upon request, to the property insurance carrier that insures the dwelling or structure.

(b) A person is not required under this section to maintain any clearing on any land if that person does not have the legal right to maintain the clearing, nor is any person required to enter upon or to damage property that is owned by any other person without the consent of the owner of the property.

SEC. 2. Section 14875 of the Health and Safety Code is amended to read:

14875. "Weeds," as used in this part, means vegetation growing upon streets, sidewalks, or private property in any county, including any fire protection district and may include any of the following:

(a) Vegetation that bears seeds of a downy or wingy nature.

(b) Vegetation that is not pruned or is otherwise neglected so as to attain such large growth as to become, when dry, a fire menace to adjacent improved property.

(c) Vegetation that is otherwise noxious or dangerous.

(d) Poison oak and poison ivy when the conditions of growth are such as to constitute a menace to the public health.

(e) Dry grass, stubble, brush, litter, or other flammable material which endangers the public safety by creating a fire hazard in an urbanized portion of an unincorporated area which has been zoned for single and multiple residence purposes.

SEC. 3. Section 4291 of the Public Resources Code is amended to read:

4291. A person that owns, leases, controls, operates, or maintains a building or structure in, upon, or adjoining any mountainous area, forest-covered lands, brush-covered lands, grass-covered lands, or any land that is covered with flammable material, shall at all times do all of the following:

(a) Maintain around and adjacent to the building or structure a firebreak made by removing and clearing away, for a distance of not less than 30 feet on each side of the building or structure or to the property line, whichever is nearer, all flammable vegetation or other combustible growth. This subdivision does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to any building or structure.

(b) Maintain around and adjacent to the building or structure additional fire protection or firebreak made by removing all brush, flammable vegetation, or combustible growth that is located within 100 feet from the building or structure or to the property line or at a greater distance if required by state law, or local ordinance, rule, or regulation. This section does not prevent an insurance company that insures a building or structure from requiring the owner of the building or structure to maintain a firebreak of more than 100 feet around the building or structure. Grass and other vegetation located more than 30 feet from the building or structure and less than 18 inches in height above the ground may be maintained where necessary to stabilize the soil and prevent erosion. This subdivision does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to a dwelling or structure.

(c) Remove that portion of any tree that extends within 10 feet of the outlet of a chimney or stovepipe.

(d) Maintain any tree adjacent to or overhanging a building free of dead or dying wood.

(e) Maintain the roof of a structure free of leaves, needles, or other dead vegetative growth.

(f) Provide and maintain at all times a screen over the outlet of every chimney or stovepipe that is attached to a fireplace, stove, or other device that burns any solid or liquid fuel. The screen shall be constructed of nonflammable material with openings of not more than one-half inch in size.

(g) Prior to constructing a new building or structure or rebuilding a building or structure damaged by a fire in such an area, the construction or rebuilding of which requires a building permit, the owner shall obtain a certification from the local building official that the dwelling or structure, as proposed to be built, complies with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the certification, upon request, to the insurer providing course of construction insurance coverage for the building or structure. Upon completion of the construction or rebuilding, the owner shall obtain from the local building official, a copy of the final inspection report that demonstrates that the dwelling or structure was constructed in compliance with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the report, upon request, to the property insurance carrier that insures the dwelling or structure.

(h) Except as provided in Section 18930 of the Health and Safety Code, the director may adopt regulations exempting structures with exteriors constructed entirely of nonflammable materials, or conditioned upon the contents and composition of same, he or she may vary the requirements respecting the removing or clearing away of flammable vegetation or other combustible growth with respect to the area surrounding those structures.

No exemption or variance shall apply unless and until the occupant thereof, or if there is not an occupant, the owner thereof, files with the department, in a form as the director shall prescribe, a written consent to the inspection of the interior and contents of the structure to ascertain whether this section and the regulations adopted under this section are complied with at all times.

(i) The director may authorize the removal of vegetation that is not consistent with the standards of this section. The director may prescribe a procedure for the removal of that vegetation and make the expense a lien upon the building, structure, or grounds, in the same manner that is

applicable to a legislative body under Section 51186 of the Government Code.

(j) As used in this section, "person" means a private individual, organization, partnership, limited liability company, or corporation.

SEC. 3.5. Section 4291 of the Public Resources Code is amended to read:

4291. A person that owns, leases, controls, operates, or maintains a building or structure in, upon, or adjoining any mountainous area, forest-covered lands, brush-covered lands, grass-covered lands, or any land that is covered with flammable material, shall at all times do all of the following:

(a) Maintain around and adjacent to the building or structure a firebreak made by removing and clearing away, for a distance of not less than 30 feet on each side of the building or structure or to the property line, whichever is nearer, all flammable vegetation or other combustible growth. This subdivision does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to any building or structure.

(b) Maintain around and adjacent to the building or structure additional fire protection or firebreak made by removing all brush, flammable vegetation, or combustible growth that is located within 100 feet from the building or structure or to the property line or at a greater distance if required by state law, or local ordinance, rule, or regulation. This section does not prevent an insurance company that insures a building or structure from requiring the owner of the building or structure to maintain a firebreak of more than 100 feet around the building or structure. Grass and other vegetation located more than 30 feet from the building or structure and less than 18 inches in height above the ground may be maintained where necessary to stabilize the soil and prevent erosion. This paragraph does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to a dwelling or structure.

(c) Remove that portion of any tree that extends within 10 feet of the outlet of a chimney or stovepipe.

(d) Maintain any tree adjacent to or overhanging a building free of dead or dying wood.

(e) Maintain the roof of a structure free of leaves, needles, or other dead vegetative growth.

(f) Prior to constructing a new building or structure or rebuilding a building or structure damaged by a fire in such an area, the construction or rebuilding of which requires a building permit, the owner shall obtain

a certification from the local building official that the dwelling or structure, as proposed to be built, complies with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the certification, upon request, to the insurer providing course of construction insurance coverage for the building or structure. Upon completion of the construction or rebuilding, the owner shall obtain from the local building official, a copy of the final inspection report that demonstrates that the dwelling or structure was constructed in compliance with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the report, upon request, to the property insurance carrier that insures the dwelling or structure.

(g) Except as provided in Section 18930 of the Health and Safety Code, the director may adopt regulations exempting structures with exteriors constructed entirely of nonflammable materials, or conditioned upon the contents and composition of same, he or she may vary the requirements respecting the removing or clearing away of flammable vegetation or other combustible growth with respect to the area surrounding those structures.

No exemption or variance shall apply unless and until the occupant thereof, or if there is not an occupant, the owner thereof, files with the department, in a form as the director shall prescribe, a written consent to the inspection of the interior and contents of the structure to ascertain whether this section and the regulations adopted under this section are complied with at all times.

(h) The director may authorize the removal of vegetation that is not consistent with the standards of this section. The director may prescribe a procedure for the removal of that vegetation and make the expense a lien upon the building, structure, or grounds, in the same manner that is applicable to a legislative body under Section 51186 of the Government Code.

(i) As used in this section, "person" means a private individual, organization, partnership, limited liability company, or corporation.

SEC. 4. Section 1.5 of this bill incorporates amendments to Section 51182 of the Government Code proposed by both this bill and Assembly Bill 1718. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 51182 of the Government Code, and (3) this bill is enacted after Assembly Bill 1718, in which case Section 1 of this bill shall not become operative.

(b) Section 3.5 of this bill incorporates amendments to Section 4291 of the Public Resources Code proposed by both this bill and Assembly

Bill 1718. It shall only become operative if (1) both bills are enacted and become effective on January 1, 2006, (2) each bill amends Section 4291 of the Public Resources Code, and (3) this bill is enacted after Assembly Bill 1718, in which case Section 3 of this bill shall not become operative.

CHAPTER 261

An act to add Section 409.13 to the Military and Veterans Code, relating to military benefits, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 409.13 is added to the Military and Veterans Code, to read:

409.13. (a) To the extent permitted by federal law and the California Constitution, any principal and interest on any financial obligation or liability bearing interest and incurred by a member of the California National Guard or his or her surviving spouse, or any principal and interest on any financial obligation or liability bearing interest incurred by a member of the California National Guard for which the beneficiary of that member is liable, shall be deferred for a period of six months after the death of the member without penalty or accrual of any additional interest.

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

(1) "Interest" includes service charges, renewal charges, fees, or any other charges with respect to any obligation or liability.

(2) "Beneficiary" means a beneficiary of the deceased member of the California National Guard who is or has become, after the member's death, liable for any of the member's financial obligations or liabilities bearing interest.

(c) This section shall only apply:

(1) To a member of the California National Guard that is killed in the line of duty in the service of the state or federal government.

(2) When a member's surviving spouse or other beneficiary provides written notice of the death of the member to the financial institution to

which he or she is liable and from which he or she is requesting deferral of interest and payments as set forth in this section.

(3) To a financial obligation or liability bearing interest that was created between a private entity and a member of the California National Guard or his or her surviving spouse, or to a financial obligation or liability bearing interest that was created between a private entity and a member of the National Guard for which the beneficiary of that member is liable, before that member's entry into service.

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 provide immediate relief to surviving spouses and certain beneficiaries of deceased members of the California National Guard, it is necessary for this act to take effect immediately.

CHAPTER 262

An act to amend Section 33334.4 of the Health and Safety Code, relating to redevelopment.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 33334.4 of the Health and Safety Code is amended to read:

33334.4. (a) Except as specified in subdivision (d), each agency shall expend over each 10-year period of the implementation plan, as specified in clause (iii) of subparagraph (A) of paragraph (2) of subdivision (a) of Section 33490, the moneys in the Low and Moderate Income Housing Fund to assist housing for persons of low income and housing for persons of very low income in at least the same proportion as the total number of housing units needed for each of those income groups bears to the total number of units needed for persons of moderate, low, and very low income within the community, as those needs have been determined for the community pursuant to Section 65584 of the Government Code. In determining compliance with this obligation, the agency may adjust the proportion by subtracting from the need identified for each income category, the number of units for persons of that income category that are newly constructed over the duration of the

implementation plan with other locally controlled government assistance and without agency assistance and that are required to be affordable to, and occupied by, persons of the income category for at least 55 years for rental housing and 45 years for ownership housing, except that in making an adjustment the agency may not subtract units developed pursuant to a replacement housing obligation under state or federal law.

(b) Each agency shall expend over the duration of each redevelopment implementation plan, the moneys in the Low and Moderate Income Housing Fund to assist housing that is available to all persons regardless of age in at least the same proportion as the number of low-income households with a member under age 65 years bears to the total number of low-income households of the community as reported in the most recent census of the United States Census Bureau.

(c) An agency that has deposited in the Low and Moderate Income Housing Fund over the first five years of the period of an implementation plan an aggregate that is less than two million dollars ($2,000,000) shall have an extra five years to meet the requirements of this section.

(d) For the purposes of this section, "locally controlled" means government assistance where the community or other local government entity has the discretion and the authority to determine the recipient and the amount of the assistance, whether or not the source of the funds or other assistance is from the state or federal government. Examples of locally controlled government assistance include, but are not limited to, Community Development Block Grant Program (42 U.S.C. Sec. 5301 and following) funds allocated to a city or county, Home Investment Partnership Program (42 U.S.C. Sec. 12721 and following) funds allocated to a city or county, fees or funds received by a city or county pursuant to a city or county authorized program, and the waiver or deferral of city or other charges.

CHAPTER 263

An act to amend Section 14666.8 of the Government Code, and to add Chapter 6.5 (commencing with Section 12899) to Part 6 of Division 6 of the Water Code, relating to water.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

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

(a) The State Water Resources Development System serves a critical public infrastructure function by providing water to California's residents, businesses, farms, environment, and other users.

(b) It is vital for the Department of Water Resources to be able to protect this infrastructure from encroachments that may threaten the integrity, or interfere with the operation and maintenance, of this system.

(c) The Department of Water Resources needs the authority to control encroachments while respecting the property rights of others. However, certain encroachments that are located within the department's right-of-way may need to be removed because those encroachments threaten the integrity of the State Water Resources Development System or interfere with its operation and maintenance.

SEC. 2. Section 14666.8 of the Government Code is amended to read:

14666.8. (a) The director shall, within 120 days of the operative date of this section, compile and maintain an inventory of state-owned real property that may be available for lease to providers of wireless telecommunications services for location of wireless telecommunications facilities. This inventory shall be the state's sole inventory of state-owned real property available for this purpose. The term "state-owned real property," as used in this section, excludes property owned or managed by the Department of Transportation and property subject to Section 7901 of the Public Utilities Code.

(b) The director shall provide, in a cost-effective manner, upon payment of any applicable fee, a requesting party a copy of the inventory.

(c) On behalf of the state, the director may negotiate and enter into an agreement to lease department-managed and state-owned real property to any provider of wireless telecommunications services for location of its facilities. A lease for this purpose shall do all of the following:

(1) Provide for fair market value to be paid by the provider of wireless telecommunications service to the state to the extent permitted under existing state law.

(2) Designate a lease term that is acceptable to the director and the state agency that has control over the property. The duration of the initial lease term for any wireless facility may not exceed 10 years, and the lease may provide for a negotiated number of renewal terms, not to exceed five years for each term.

(3) Provide for the use of the wireless provider's facilities located on the state-owned real property by any appropriate state agency if technically, legally, aesthetically, and economically feasible.

(4) Facilitate, to the greatest extent possible, agreements among providers of wireless telecommunications services for colocation of their facilities on state-owned real property.

(d) Nothing in this section alters any existing rights of telegraph or telephone corporations pursuant to Section 7901 of the Public Utilities Code.

(e) Notwithstanding any other provision of law, any revenue collected from a lease entered into pursuant to this section to use property that was acquired with money from a fund other than the General Fund shall be deposited into the fund from which the money was obtained. Money received and deposited into a fund pursuant to this section shall be available upon appropriation by the Legislature, notwithstanding any other provision of law.

(f) Before making any state-owned real property that is part of the State Water Resources Development System, as described in Section 12931 of the Water Code, available for leasing under this section, the director shall consult with the Department of Water Resources as to whether the proposed location of a wireless telecommunication facility is technically, legally, environmentally, and economically feasible for wireless telecommunication purposes.

SEC. 3. Chapter 6.5 (commencing with Section 12899) is added to Part 6 of Division 6 of the Water Code, to read:

Chapter 6.5. State Water Resources Development System Rights-Of-Way

12899. The following definitions govern the construction of this chapter:

(a) "State Water Resources Development System" means the State Water Resources Development System as described in Section 12931, including, but not limited to, all portions of the project authorized pursuant to the Central Valley Project Act (Part 3 (commencing with Section 11100)) and additions thereto.

(b) "Encroachment" means any installation of any tower, pole, pipe, fence, building, structure, object, or improvement of any kind or character that is placed in, on, under, or over any portion of the State Water Resources Development System or other use of the department's right-of-way, including the alteration of the ground surface elevation by more than one foot, or the planting of trees, vines, or other vegetation on the department's right-of-way that may pose a threat to the physical integrity of any facility of the State Water Resources Development System or that could interfere with the department's rights with regard to access, inspection, repair, or the operation and maintenance of any State Water Resources Development System facility.

(c) "Person" means any person, firm, partnership, association, corporation, other business entity, nonprofit organization, or governmental entity.

(d) "Right-of-way" means any property interest acquired by the department for State Water Resources Development System purposes, including but not limited to, an easement, license, permit, joint use agreement, or fee ownership.

12899.1. (a) Except as provided by Section 12899.8, no person shall make any alteration, improvement, encroachment, or excavation within the right-of-way acquired for the State Water Resources Development System, without first obtaining the written permission of the department.

(b) Any person proposing to make an alteration, improvement, encroachment, or excavation within the right-of-way acquired for the State Water Resources Development System shall submit an application to the department on a form prescribed by the department, along with other reports, studies, and analyses as required by the department.

(c) The department may issue a written permit, in accordance with this chapter, authorizing the permittee to do any act that is not inconsistent with the functioning, operation, maintenance, enlargement, and rehabilitation of any portion of the facilities of the State Water Resources Development System.

(d) By issuing the permits, the department is not responsible for the competence or reliability of the permittee or the encroachment.

(e) The department shall approve or deny an application for an encroachment permit not later than 60 days from the date of receipt of the complete application, as determined by the department. An application for a permit is complete when all application requirements and other statutory requirements, including, but not limited to, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), have been met. Not later than 30 days from the date on which the application is received, the department shall determine whether an application is complete. The department shall not unreasonably deny an application for a permit. If the department denies an application for a permit, it shall provide an explanation of the reason for the denial at the time of notifying the applicant of the denial.

(f) Except as provided by Section 12899.8, any person who makes an alteration, improvement, encroachment, or excavation within the right-of-way acquired for the State Water Resources Development System, without a permit, is guilty of a misdemeanor.

12899.2. (a) Any act performed under the authority of a permit issued pursuant to this chapter shall be in accordance with the applicable provisions of this chapter and the terms and conditions of the permit.

(b) The department may prescribe requirements in the permit, including a requirement that the permittee pay the entire expense of restoring the affected State Water Resources Development System facilities to a condition equivalent to that before the work was performed, and requirements relating to the location and manner in which the work shall be performed, as determined by the department to be necessary for the protection of the department's facilities.

(c) Any permit issued to a permittee shall include a provision that requires the permittee to relocate or remove the encroachment in the event the future repair, rehabilitation, or improvement of the State Water Resources Development System requires the relocation or removal of the encroachment at the sole expense of the permittee.

(d) The department shall charge an application processing and review fee for a permit to use the right-of-way.

(e) The department may inspect and supervise the work performed under any permit issued under this chapter, in which event the permittee shall pay the reasonable cost of that inspection and supervision to the department, not to exceed the amount estimated by the department at the time of issuing the permit or commencement of work. If the actual costs exceed the estimated costs, an additional fee shall be required by the department before final permit approval or at the end of the inspection. If the actual costs are less than the estimated costs, the department shall refund the difference.

(f) Before granting a permit under this chapter, the department may require any applicant to provide proof of insurance naming the department as an additional insured in an amount reasonably necessary to protect the state's interest.

(g) Before granting a permit under this chapter, the department may require any applicant, other than a county, city, city and county, or public agency that is authorized by law to establish and maintain any works or facilities within the department's right-of-way, to file with the department a satisfactory bond payable to the department in an amount that the department determines to be sufficient, conditioned on the proper compliance by the permittee with this chapter. The department may require a bond from a county, city, city and county, or public agency that, prior to submitting an application, failed to comply with this chapter or with the conditions of a previous permit.

12899.3. No corporation has any franchise rights within the department's right-of-way, and no county, city, or city and county has any right to grant a franchise within that right-of-way. This section does not apply to a State Water Resources Development System right-of-way located within city, county, or city and county public roadways.

12899.4. The department may delegate, to any entity that has a contract with the department pursuant to Section 11625, any of the department's powers, duties and authority, other than approval, under this chapter as to any facility of the State Water Resources Development System that primarily benefits that entity, and may withdraw that delegation of authority.

12899.5. (a) Except as provided by Section 12899.8, if any encroachment exists within the department's right-of-way, the department may require the removal of the encroachment in the manner provided in this section.

(b) Except as provided in subdivision (e), notice shall be given to the owner, occupant, or person in possession of the encroachment, or to any other person causing or permitting the encroachment to exist, by serving a notice including a demand for the immediate removal of the encroachment from within the right-of-way. The notice shall describe the encroachment with reasonable certainty as to its character and location. In lieu of service upon the person, service of the notice may also be made by registered mail and posting for a period of five days, a copy of the notice on the encroachment described in the notice. In the case of an owner, occupant or person in possession, who is not present in the county, the notice may be given to an agent in lieu of service by mailing and posting.

(c) The department may remove from the State Water Resources Development System any right-of-way encroachment that meets both of the following criteria:

(1) Not later than 60 days from the date on which a notice was given pursuant to subdivision (b), the owner, occupant, or person in possession of the encroachment has not asserted a right to be in possession consistent with Section 12899.8 and has not removed, or commenced to remove in a diligent manner, the encroachment.

(2) The encroachment obstructs, threatens, or prevents the proper operation, maintenance, or rehabilitation of the State Water Resources Development System.

(d) The department may immediately remove from the State Water Resources Development System any right-of-way encroachment that meets both of the following criteria:

(1) Not later than five days from the date on which a notice is given pursuant to subdivision (b), the owner, occupant, or person in possession of the encroachment has not asserted a right to be in possession consistent with Section 12899.8 and has not removed, or commenced to remove in a diligent manner, the encroachment.

(2) The encroachment poses an imminent threat to the integrity of one or more features of the State Water Resources Development System.

(e) In the case of an emergency, the department has the authority to take any action necessary to avert, alleviate, repair, or mitigate any threat to the State Water Resources Development System. For the purposes of this chapter, "emergency" means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

(f) If the department removes any encroachment upon the failure of the owner to comply with the notice pursuant to this section, the department may recover the expense of the removal, costs and expenses of suit, including attorneys fees, and, in addition, the sum of one thousand dollars ($1,000) for each day the encroachment remains after the expiration of the applicable response period described in subdivision (c) or (d).

(g) If the owner, occupant, or person in possession of the encroachment, or person causing or suffering the encroachment to exist, or the agent of any of these parties, disputes or denies the existence of the encroachment, asserts a right to be in possession consistent with Section 12899.8, or refuses to remove or permit the removal of the encroachment, the department may commence, in any court of competent jurisdiction, an action to abate the encroachment as a public nuisance. If judgment is recovered by the department, it may, in addition to having the encroachment adjudged a nuisance and abated, recover one thousand dollars ($1,000) for each day the encroachment remains after the expiration of the applicable response period described in subdivision (c) or (d), and may also recover the expense of that removal, and costs and expenses of the suit, including attorney's fees.

12899.6. (a) Unless a person is otherwise authorized, by permit or agreement, to do so, it is unlawful for any person to do any of the following acts:

(1) Drain water, or permit water to be drained, from the person's lands onto the State Water Resources Development System right-of-way by any means, which results in damage to the system or the department's right-of-way, except where the water naturally drains onto the department's right-of-way.

(2) Obstruct any natural watercourse in a manner that does any of the following:

(A) Prevents, impedes, or restricts the natural flow of waters from any portion of the department's right-of-way into and through the watercourse or State Water Resources Development System cross drainage structures, unless other adequate and proper drainage is provided.

(B) Causes waters to be impounded within the department's right-of-way that damages the State Water Resources Development System or the department's right-of-way, except where the water naturally drains onto the department's right-of-way.

(C) Causes interference with, or damages or makes hazardous the operation, maintenance, and rehabilitation of the State Water Resources Development System.

(3) Stores or distributes water for any purpose so as to permit the water to overflow onto, causing damage to, or to obstruct or damage any portion of, the State Water Resources Development System or the department's right-of-way.

(b) When notice is given by the department, in the manner provided in Section 12899.5, to any person permitting a condition to exist, as described in subdivision (a) the person shall immediately cease and discontinue the diversion of waters or shall discontinue and prevent the drainage, seepage, or overflow and shall repair, or pay for the repair, of any damage to the State Water Resources Development System or the department's right-of-way. The person to whom the notice is provided may challenge, administratively in accordance with regulations adopted pursuant to Section 12899.9, or in a court of competent jurisdiction, the propriety of the determination by the department.

(c) If any person is notified pursuant to subdivision (d) and fails, neglects, or refuses to cease and discontinue the diversion, drainage, seepage, or overflow of the waters or to make or pay for the repairs, the department may make repairs and perform work as it determines necessary to prevent the further drainage, diversion, overflow, or seepage of the waters.

(d) The department may recover in an action at law, in any court of competent jurisdiction, the amount expended for those repairs and work, and in addition, the sum of one thousand dollars ($1,000) for each day the drainage, diversion, overflow, or seepage of the waters is permitted to continue, after the service of the notice in the manner specified in this chapter, together with the costs and expenses, including attorneys fees, incurred in the action.

12899.7. Any person who by any means willfully or negligently injures or damages any feature of the State Water Resources Development System or the department's right-of-way is liable for necessary repairs, and the department may recover in an action at law the amount expended for the repairs, together with the costs and expenses, including attorneys fees, incurred in that action.

12899.8. (a) Notwithstanding any other provision of this chapter, and except as otherwise provided in an agreement between the department and landowner or predecessor-in-interest, any person owning a legal real

property interest over a portion of the State Water Resources Development System right-of-way, or who has an agreement with the department for the construction, operation, and maintenance of an encroachment, is not required to obtain a permit from the department for exercising their property or other rights, but shall submit their plans to the department for review and comment before undertaking any additional work within the department's right-of-way. A person's legal real property or other interests shall be determined by the department upon the review of the appropriate document, agreement, or reservation of rights. The department shall respond not later than 30 days from the date of the receipt of the plans.

(b) Notwithstanding any other provision of this chapter, any holder of a current State Water Resources Development System encroachment permit on January 1, 2007, or a person who has an agreement with the department for the construction, operation, and maintenance of an encroachment as of that date, may continue the authorized encroachment pursuant to the terms, conditions, and limitations of that permit or agreement.

12899.9. The department may adopt regulations to implement this chapter, including regulations that provide for the filing of an application for a permit, related administrative review and inspection, the imposition of permit fees and permit terms and conditions, an administrative appeal process, and a process for administrative review and regulation of existing encroachments in accordance with this chapter.

12899.10. This chapter does not apply to the activities of a public agency that operates facilities of the State Water Resources Development System that are jointly owned by the state and the United States, including facilities of the San Luis Unit of the Central Valley Project, if the activities are conducted pursuant to, and consistent with, an agreement with the United States for the operation and maintenance of those facilities.

12899.11. (a) The department, not later than 60 days from the date on which it receives a complete application, shall issue a general encroachment permit, for a period not to exceed 10 years, for routine operation and maintenance activities of public agencies with a contract with the department for delivery of water pursuant to subdivision (b) of Section 12937.

(b) For the purposes of this section, "operation and maintenance" means inspection, equipment testing and maintenance, water quality monitoring and testing, weed and pest abatement, and other activities that the department determines are consistent with existing agreements between the department and its water contractors.

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.

CHAPTER 264

An act to amend Sections 63.1, 69.5, 75.12, 408.2, 469, 534, 755, 756, 3693.1, 3706.1, 11316, 11336, 18633.5, and 20583 of, to add Sections 75.23 and 1641.5 to, and to repeal Section 24348.5 of, the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 63.1 of the Revenue and Taxation Code is amended to read:

63.1. (a) Notwithstanding any other provision of this chapter, a change in ownership shall not include the following purchases or transfers for which a claim is filed pursuant to this section:

(1) The purchase or transfer of real property which is the principal residence of an eligible transferor in the case of a purchase or transfer between parents and their children.

(2) The purchase or transfer of the first one million dollars ($1,000,000) of full cash value of all other real property of an eligible transferor in the case of a purchase or transfer between parents and their children.

(3) (A) Subject to subparagraph (B), the purchase or transfer of real property described in paragraphs (1) and (2) of subdivision (a) occurring on or after March 27, 1996, between grandparents and their grandchild or grandchildren, if all of the parents of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer. Notwithstanding any other provision of law, for the lien date for the 2006-07 fiscal year and each fiscal year thereafter, in determining whether "all of the parents of that grandchild or those grandchildren, who qualify as the children of

the grandparents, are deceased as of the date of purchase or transfer," a son-in-law or daughter-in-law of the grandparent that is a stepparent to the grandchild need not be deceased on the date of the transfer.

(B) A purchase or transfer of a principal residence shall not be excluded pursuant to subparagraph (A) if the transferee grandchild or grandchildren also received a principal residence, or interest therein, through another purchase or transfer that was excludable pursuant to paragraph (1) of subdivision (a). The full cash value of any real property, other than a principal residence, that was transferred to the grandchild or grandchildren pursuant to a purchase or transfer that was excludable pursuant to paragraph (2) of subdivision (a) and the full cash value of a principal residence that fails to qualify for exclusion as a result of the preceding sentence shall be included in applying, for purposes of paragraph (2) of subdivision (a), the one-million-dollar ($1,000,000) full cash value limit specified in paragraph (2) of subdivision (a).

(b) (1) For purposes of paragraph (1) of subdivision (a), "principal residence" means a dwelling for which a homeowners' exemption or a disabled veterans' residence exemption has been granted in the name of the eligible transferor. "Principal residence" includes only that portion of the land underlying the principal residence that consists of an area of reasonable size that is used as a site for the residence.

(2) For purposes of paragraph (2) of subdivision (a), the one-million-dollar ($1,000,000) exclusion shall apply separately to each eligible transferor with respect to all purchases by and transfers to eligible transferees on and after November 6, 1986, of real property, other than the principal residence, of that eligible transferor. The exclusion shall not apply to any property in which the eligible transferor's interest was received through a transfer, or transfers, excluded from change in ownership by the provisions of either subdivision (f) of Section 62 or subdivision (b) of Section 65, unless the transferor qualifies as an original transferor under subdivision (b) of Section 65. In the case of any purchase or transfer subject to this paragraph involving two or more eligible transferors, the transferors may elect to combine their separate one-million-dollar ($1,000,000) exclusions and, upon making that election, the combined amount of their separate exclusions shall apply to any property jointly sold or transferred by the electing transferors, provided that in no case shall the amount of full cash value of real property of any one eligible transferor excluded under this election exceed the amount of the transferor's separate unused exclusion on the date of the joint sale or transfer.

(c) As used in this section:

(1) "Purchase or transfer between parents and their children" means either a transfer from a parent or parents to a child or children of the

parent or parents or a transfer from a child or children to a parent or parents of the child or children. For purposes of this section, the date of any transfer between parents and their children under a will or intestate succession shall be the date of the decedent's death, if the decedent died on or after November 6, 1986.

(2) "Purchase or transfer of real property between grandparents and their grandchild or grandchildren" means a purchase or transfer on or after March 27, 1996, from a grandparent or grandparents to a grandchild or grandchildren if all of the parents of that grandchild or those grandchildren who qualify as the children of the grandparents are deceased as of the date of the transfer. For purposes of this section, the date of any transfer between grandparents and their grandchildren under a will or by intestate succession shall be the date of the decedent's death. Notwithstanding any other provision of law, for the lien date for the 2006-07 fiscal year and each fiscal year thereafter, in determining whether "all of the parents of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer," a son-in-law or daughter-in-law of the grandparent that is a stepparent to the grandchild need not be deceased on the date of the transfer.

(3) "Children" means any of the following:

(A) Any child born of the parent or parents, except a child, as defined in subparagraph (D), who has been adopted by another person or persons.

(B) Any stepchild of the parent or parents and the spouse of that stepchild while the relationship of stepparent and stepchild exists. For purposes of this paragraph, the relationship of stepparent and stepchild shall be deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving stepparent.

(C) Any son-in-law or daughter-in-law of the parent or parents. For the purposes of this paragraph, the relationship of parent and son-in-law or daughter-in-law shall be deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving son-in-law or daughter-in-law.

(D) Any child adopted by the parent or parents pursuant to statute, other than an individual adopted after reaching the age of 18 years.

(4) "Grandchild" or "grandchildren" means any child or children of the child or children of the grandparent or grandparents.

(5) "Full cash value" means full cash value, as defined in Section 2 of Article XIII A of the California Constitution and Section 110.1, with any adjustments authorized by those sections, and the full value of any new construction in progress, determined as of the date immediately

prior to the date of a purchase by or transfer to an eligible transferee of real property subject to this section.

(6) "Eligible transferor" means a grandparent, parent, or child of an eligible transferee.

(7) "Eligible transferee" means a parent, child, or grandchild of an eligible transferor.

(8) "Real property" means real property as defined in Section 104. Real property does not include any interest in a legal entity.

(9) "Transfer" includes, and is not limited to, any transfer of the present beneficial ownership of property from an eligible transferor to an eligible transferee through the medium of an inter vivos or testamentary trust.

(10) "Social security number" also includes a taxpayer identification number issued by the Internal Revenue Service in the case in which the taxpayer is a foreign national who cannot obtain a social security number.

(d) (1) The exclusions provided for in subdivision (a) shall not be allowed unless the eligible transferee, the transferee's legal representative, or the executor or administrator of the transferee's estate files a claim with the assessor for the exclusion sought and furnishes to the assessor each of the following:

(A) A written certification by the transferee, the transferee's legal representative, or the executor or administrator of the transferee's estate, signed and made under penalty of perjury that the transferee is a grandparent, parent, child, or grandchild of the transferor and that the transferor is his or her parent, child, or grandparent. In the case of a grandparent-grandchild transfer, the written certification shall also include a certification that all the parents of the grandchild or grandchildren who qualify as children of the grandparents were deceased as of the date of the purchase or transfer and that the grandchild or grandchildren did or did not receive a principal residence excludable under paragraph (1) of subdivision (a) from the deceased parents, and that the grandchild or grandchildren did or did not receive real property other than a principal residence excludable under paragraph (2) of subdivision (a) from the deceased parents. The claimant shall provide legal substantiation of any matter certified pursuant to this subparagraph at the request of the county assessor.

(B) A written certification by the transferor, the transferor's legal representative, or the executor or administrator of the transferor's estate, signed and made under penalty of perjury that the transferor is a grandparent, parent, or child of the transferee and that the transferor is seeking the exclusion under this section and will not file a claim to transfer the base year value of the property under Section 69.5.

(C) A written certification shall also include either or both of the following:

(i) If the purchase or transfer of real property includes the purchase or transfer of residential real property, a certification that the residential real property is or is not the transferor's principal residence.

(ii) If the purchase or transfer of real property includes the purchase or transfer of real property other than the transferor's principal residence, a certification that other real property of the transferor that is subject to this section has or has not been previously sold or transferred to an eligible transferee, the total amount of full cash value, as defined in subdivision (c), of any real property subject to this section that has been previously sold or transferred by that transferor to eligible transferees, the location of that real property, the social security number of each eligible transferor, and the names of the eligible transferees of that property.

(D) If there are multiple transferees, the certification and signature may be made by any one of the transferees, if both of the following conditions are met:

(i) The transferee has actual knowledge that, and the certification signed by the transferee states that, all of the transferees are eligible transferees within the meaning of this section.

(ii) The certification is signed by the transferee as a true statement made under penalty of perjury.

(2) If the full cash value of the real property purchased by or transferred to the transferee exceeds the permissible exclusion of the transferor or the combined permissible exclusion of the transferors, in the case of a purchase or transfer from two or more joint transferors, taking into account any previous purchases by or transfers to an eligible transferee from the same transferor or transferors, the transferee shall specify in his or her claim the amount and the allocation of the exclusion he or she is seeking. Within any appraisal unit, as determined in accordance with subdivision (d) of Section 51 by the assessor of the county in which the real property is located, the exclusion shall be applied only on a pro rata basis, however, and shall not be applied to a selected portion or portions of the appraisal unit.

(e) (1) The State Board of Equalization shall design the form for claiming eligibility. Except as provided in paragraph (2), any claim under this section shall be filed:

(A) For transfers of real property between parents and their children occurring prior to September 30, 1990, within three years after the date of the purchase or transfer of real property for which the claim is filed.

(B) For transfers of real property between parents and their children occurring on or after September 30, 1990, and for the purchase or transfer

of real property between grandparents and their grandchildren occurring on or after March 27, 1996, within three years after the date of the purchase or transfer of real property for which the claim is filed, or prior to transfer of the real property to a third party, whichever is earlier.

(C) Notwithstanding subparagraphs (A) and (B), a claim shall be deemed to be timely filed if it is filed within six months after the date of mailing of a notice of supplemental or escape assessment, issued as a result of the purchase or transfer of real property for which the claim is filed.

(2) In the case in which the real property subject to purchase or transfer has not been transferred to a third party, a claim for exclusion under this section that is filed subsequent to the expiration of the filing periods set forth in paragraph (1) shall be considered by the assessor, subject to all of the following conditions:

(A) Any exclusion granted pursuant to that claim shall apply commencing with the lien date of the assessment year in which the claim is filed.

(B) Under any exclusion granted pursuant to that claim, the adjusted full cash value of the subject real property in the assessment year described in subparagraph (A) shall be the adjusted base year value of the subject real property in the assessment year in which the excluded purchase or transfer took place, factored to the assessment year described in subparagraph (A) for both of the following:

(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(ii) Any subsequent new construction occurring with respect to the subject real property.

(3) (A) Unless otherwise expressly provided, the provisions of this subdivision shall apply to any purchase or transfer of real property that occurred on or after November 6, 1986.

(B) Paragraph (2) shall apply to purchases or transfers between parents and their children that occurred on or after November 6, 1986, and to purchases or transfers between grandparents and their grandchildren that occurred on or after March 27, 1996.

(4) For purposes of this subdivision, a transfer of real property to a parent or child of the transferor shall not be considered a transfer to a third party.

(f) The assessor may report quarterly to the State Board of Equalization all purchases or transfers, other than purchases or transfers involving a principal residence, for which a claim for exclusion is made pursuant to subdivision (d). Each report shall contain the assessor's parcel number for each parcel for which the exclusion is claimed, the amount of each exclusion claimed, the social security number of each

eligible transferor, and any other information the board may require in order to monitor the one-million-dollar ($1,000,000) limitation in paragraph (2) of subdivision (a). In recognition of the state and local interests served by the action made optional in this subdivision, the Legislature encourages the assessor to continue taking the action formerly mandated by this subdivision.

(g) This section shall apply to both voluntary transfers and transfers resulting from a court order or judicial decree. Nothing in this subdivision shall be construed as conflicting with paragraph (1) of subdivision (c) or the general principle that transfers by reason of death occur at the time of death.

(h) (1) Except as provided in paragraph (2), this section shall apply to purchases and transfers of real property completed on or after November 6, 1986, and shall not be effective for any change in ownership, including a change in ownership arising on the date of a decedent's death, that occurred prior to that date.

(2) This section shall apply to purchases or transfers of real property between grandparents and their grandchildren occurring on or after March 27, 1996, and, with respect to purchases or transfers of real property between grandparents and their grandchildren, shall not be effective for any change in ownership, including a change in ownership arising on the date of a decedent's death, that occurred prior to that date.

(i) A claim filed under this section is not a public document and is not subject to public inspection, except that a claim shall be available for inspection by the transferee and the transferor or their respective spouse, the transferee's legal representative, the transferor's legal representative, and the executor or administrator of the transferee's or transferor's estate.

SEC. 2. Section 69.5 of the Revenue and Taxation Code is amended to read:

69.5. (a) (1) Notwithstanding any other provision of law, pursuant to subdivision (a) of Section 2 of Article XIII A of the California Constitution, any person over the age of 55 years, or any severely and permanently disabled person, who resides in property that is eligible for the homeowners' exemption under subdivision (k) of Section 3 of Article XIII of the California Constitution and Section 218 may transfer, subject to the conditions and limitations provided in this section, the base year value of that property to any replacement dwelling of equal or lesser value that is located within the same county and is purchased or newly constructed by that person as his or her principal residence within two years of the sale by that person of the original property, provided that the base year value of the original property shall not be transferred to the replacement dwelling until the original property is sold.

(2) Notwithstanding the limitation in paragraph (1) requiring that the original property and the replacement dwelling be located in the same county, this limitation shall not apply in any county in which the county board of supervisors, after consultation with local affected agencies within the boundaries of the county, adopts an ordinance making the provisions of paragraph (1) also applicable to situations in which replacement dwellings are located in that county and the original properties are located in another county within this state. The authorization contained in this paragraph shall be applicable in a county only if the ordinance adopted by the board of supervisors complies with all of the following requirements:

(A) It is adopted only after consultation between the board of supervisors and all other local affected agencies within the county's boundaries.

(B) It requires that all claims for transfers of base year value from original property located in another county be granted if the claims meet the applicable requirements of both subdivision (a) of Section 2 of Article XIII A of the California Constitution and this section.

(C) It requires that all base year valuations of original property located in another county and determined by its assessor be accepted in connection with the granting of claims for transfers of base year value.

(D) It provides that its provisions are operative for a period of not less than five years.

(E) The ordinance specifies the date on and after which its provisions shall be applicable. However, the date specified shall not be earlier than November 9, 1988. The specified applicable date may be a date earlier than the date the county adopts the ordinance.

(b) In addition to meeting the requirements of subdivision (a), any person claiming the property tax relief provided by this section shall be eligible for that relief only if the following conditions are met:

(1) The claimant is an owner and a resident of the original property either at the time of its sale, or at the time when the original property was substantially damaged or destroyed by misfortune or calamity, or within two years of the purchase or new construction of the replacement dwelling.

(2) The original property is eligible for the homeowners' exemption, as the result of the claimant's ownership and occupation of the property as his or her principal residence, either at the time of its sale, or at the time when the original property was substantially damaged or destroyed by misfortune or calamity, or within two years of the purchase or new construction of the replacement dwelling.

(3) At the time of the sale of the original property, the claimant or the claimant's spouse who resides with the claimant is at least 55 years of age, or is severely and permanently disabled.

(4) At the time of claiming the property tax relief provided by subdivision (a), the claimant is an owner of a replacement dwelling and occupies it as his or her principal place of residence and, as a result thereof, the property is currently eligible for the homeowners' exemption or would be eligible for the exemption except that the property is already receiving the exemption because of an exemption claim filed by the previous owner.

(5) The original property of the claimant is sold by him or her within two years of the purchase or new construction of the replacement dwelling. For purposes of this paragraph, the purchase or new construction of the replacement dwelling includes the purchase of that portion of land on which the replacement building, structure, or other shelter constituting a place of abode of the claimant will be situated and that, pursuant to paragraph (3) of subdivision (g), constitutes a part of the replacement dwelling.

(6) The replacement dwelling, including that portion of land on which it is situated that is specified in paragraph (5), is located entirely within the same county as the claimant's original property.

(7) The claimant has not previously been granted, as a claimant, the property tax relief provided by this section, except that this paragraph shall not apply to any person who becomes severely and permanently disabled subsequent to being granted, as a claimant, the property tax relief provided by this section for any person over the age of 55 years. In order to prevent duplication of claims under this section within this state, county assessors shall report quarterly to the State Board of Equalization that information from claims filed in accordance with subdivision (f) and from county records as is specified by the board necessary to identify fully all claims under this section allowed by assessors and all claimants who have thereby received relief. The board may specify that the information include all or a part of the names and social security numbers of claimants and their spouses and the identity and location of the replacement dwelling to which the claim applies. The information may be required in the form of data processing media or other media and in a format that is compatible with the recordkeeping processes of the counties and the auditing procedures of the state.

(c) The property tax relief provided by this section shall be available if the original property or the replacement dwelling, or both, of the claimant includes, but is not limited to, either of the following:

(1) A unit or lot within a cooperative housing corporation, a community apartment project, a condominium project, or a planned unit

development. If the unit or lot constitutes the original property of the claimant, the assessor shall transfer to the claimant's replacement dwelling only the base year value of the claimant's unit or lot and his or her share in any common area reserved as an appurtenance of that unit or lot. If the unit or lot constitutes the replacement dwelling of the claimant, the assessor shall transfer the base year value of the claimant's original property only to the unit or lot of the claimant and any share of the claimant in any common area reserved as an appurtenance of that unit or lot.

(2) A manufactured home or a manufactured home and any land owned by the claimant on which the manufactured home is situated. For purposes of this paragraph, "land owned by the claimant" includes a pro rata interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(A) If the manufactured home or the manufactured home and the land on which it is situated constitutes the claimant's original property, the assessor shall transfer to the claimant's replacement dwelling either the base year value of the manufactured home or the base year value of the manufactured home and the land on which it is situated, as appropriate. If the manufactured home dwelling that constitutes the original property of the claimant includes an interest in a resident-owned mobilehome park, the assessor shall transfer to the claimant's replacement dwelling the base year value of the claimant's manufactured home and his or her pro rata portion of the real property of the park. No transfer of base year value shall be made by the assessor of that portion of land that does not constitute a part of the original property, as provided in paragraph (4) of subdivision (g).

(B) If the manufactured home or the manufactured home and the land on which it is situated constitutes the claimant's replacement dwelling, the assessor shall transfer the base year value of the claimant's original property either to the manufactured home or the manufactured home and the land on which it is situated, as appropriate. If the manufactured home dwelling that constitutes the replacement dwelling of the claimant includes an interest in a resident-owned mobilehome park, the assessor shall transfer the base year value of the claimant's original property to the manufactured home of the claimant and his or her pro rata portion of the park. No transfer of base year value shall be made by the assessor to that portion of land that does not constitute a part of the replacement dwelling, as provided in paragraph (3) of subdivision (g).

This subdivision shall be subject to the limitations specified in subdivision (d).

(d) The property tax relief provided by this section shall be available to a claimant who is the coowner of the original property, as a joint

tenant, a tenant in common, or a community property owner, subject to the following limitations:

(1) If a single replacement dwelling is purchased or newly constructed by all of the coowners and each coowner retains an interest in the replacement dwelling, the claimant shall be eligible under this section whether or not any or all of the remaining coowners would otherwise be eligible claimants.

(2) If two or more replacement dwellings are separately purchased or newly constructed by two or more coowners and more than one coowner would otherwise be an eligible claimant, only one coowner shall be eligible under this section. These coowners shall determine by mutual agreement which one of them shall be deemed eligible.

(3) If two or more replacement dwellings are separately purchased or newly constructed by two coowners who held the original property as community property, only the coowner who has attained the age of 55 years, or is severely and permanently disabled, shall be eligible under this section. If both spouses are over 55 years of age, they shall determine by mutual agreement which one of them is eligible.

In the case of coowners whose original property is a multiunit dwelling, the limitations imposed by paragraphs (2) and (3) shall only apply to coowners who occupied the same dwelling unit within the original property at the time specified in paragraph (2) of subdivision (b).

(e) Upon the sale of original property, the assessor shall determine a new base year value for that property in accordance with subdivision (a) of Section 2 of Article XIII A of the California Constitution and Section 110.1, whether or not a replacement dwelling is subsequently purchased or newly constructed by the former owner or owners of the original property.

This section shall not apply unless the transfer of the original property is a change in ownership that either (1) subjects that property to reappraisal at its current fair market value in accordance with Section 110.1 or 5803 or (2) results in a base year value determined in accordance with this section, Section 69, or Section 69.3 because the property qualifies under this section, Section 69, or Section 69.3 as a replacement dwelling or property.

(f) A claimant shall not be eligible for the property tax relief provided by this section unless the claimant provides to the assessor, on a form that the assessor shall make available upon request, the following information:

(1) The name and social security number of each claimant and of any spouse of the claimant who is a record owner of the replacement dwelling.

(2) Proof that the claimant or the claimant's spouse who resided on the original property with the claimant was, at the time of its sale, at least 55 years of age, or severely and permanently disabled. Proof of severe and permanent disability shall be considered a certification, signed by a licensed physician and surgeon of appropriate specialty, attesting to the claimant's severely and permanently disabled condition. In the absence of available proof that a person is over 55 years of age, the claimant shall certify under penalty of perjury that the age requirement is met. In the case of a severely and permanently disabled claimant either of the following shall be submitted:

(A) A certification, signed by a licensed physician or surgeon of appropriate specialty that identifies specific reasons why the disability necessitates a move to the replacement dwelling and the disability-related requirements, including any locational requirements, of a replacement dwelling. The claimant shall substantiate that the replacement dwelling meets disability-related requirements so identified and that the primary reason for the move to the replacement dwelling is to satisfy those requirements. If the claimant, or the claimant's spouse or guardian, so declares under penalty of perjury, it shall be rebuttably presumed that the primary purpose of the move to the replacement dwelling is to satisfy identified disability-related requirements.

(B) The claimant's substantiation that the primary purpose of the move to the replacement dwelling is to alleviate financial burdens caused by the disability. If the claimant, or the claimant's spouse or guardian, so declares under penalty of perjury, it shall be rebuttably presumed that the primary purpose of the move is to alleviate the financial burdens caused by the disability.

(3) The address and, if known, the assessor's parcel number of the original property.

(4) The date of the claimant's sale of the original property and the date of the claimant's purchase or new construction of a replacement dwelling.

(5) A statement by the claimant that he or she occupied the replacement dwelling as his or her principal place of residence on the date of the filing of his or her claim.

The State Board of Equalization shall design the form for claiming eligibility.

Any claim under this section shall be filed within three years of the date the replacement dwelling was purchased or the new construction of the replacement dwelling was completed subject to subdivision (k) or (m).

(g) For purposes of this section:

(1) "Person over the age of 55 years" means any person or the spouse of any person who has attained the age of 55 years or older at the time of the sale of the original property.

(2) "Base year value of the original property" means its base year value, as determined in accordance with Section 110.1, with the adjustments permitted by subdivision (b) of Section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, determined as of the date immediately prior to the date that the original property is sold by the claimant, or in the case where the original property has been substantially damaged or destroyed by misfortune or calamity and the owner does not rebuild on the original property, determined as of the date immediately prior to the misfortune or calamity.

If the replacement dwelling is purchased or newly constructed after the transfer of the original property, "base year value of the original property" also includes any inflation factor adjustments permitted by subdivision (f) of Section 110.1 for the period subsequent to the sale of the original property. The base year or years used to compute the "base year value of the original property" shall be deemed to be the base year or years of any property to which that base year value is transferred pursuant to this section.

(3) "Replacement dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as his or her principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated. For purposes of this paragraph, land constituting a part of a replacement dwelling includes only that area of reasonable size that is used as a site for a residence, and "land owned by the claimant" includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each unit of a multiunit dwelling shall be considered a separate replacement dwelling. For purposes of this paragraph, "area of reasonable size that is used as a site for a residence" includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site. For purposes of this paragraph, "land owned by the claimant" includes an ownership interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(4) "Original property" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as his or her principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated. For purposes of this paragraph, land constituting a part of the original property includes only that area

of reasonable size that is used as a site for a residence, and "land owned by the claimant" includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each unit of a multiunit dwelling shall be considered a separate original property. For purposes of this paragraph, "area of reasonable size that is used as a site for a residence" includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site. For purposes of this paragraph, "land owned by the claimant" includes an ownership interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(5) "Equal or lesser value" means that the amount of the full cash value of a replacement dwelling does not exceed one of the following:

(A) One hundred percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed prior to the date of the sale of the original property.

(B) One hundred and five percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the first year following the date of the sale of the original property.

(C) One hundred and ten percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the second year following the date of the sale of the original property.

For the purposes of this paragraph, except as otherwise provided in paragraph (4) of subdivision (h), if the replacement dwelling is, in part, purchased and, in part, newly constructed, the date the "replacement dwelling is purchased or newly constructed" is the date of purchase or the date of completion of construction, whichever is later.

(6) "Full cash value of the replacement dwelling" means its full cash value, determined in accordance with Section 110.1, as of the date on which it was purchased or new construction was completed, and after the purchase or the completion of new construction.

(7) "Full cash value of the original property" means, either:

(A) Its new base year value, determined in accordance with subdivision (e), without the application of subdivision (h) of Section 2 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b) of Section 2 of Article XIII A and subdivision (f) of Section 110.1 for the period from the date of its sale by the claimant to the date on which the replacement property was purchased or new construction was completed.

(B) In the case where the original property has been substantially damaged or destroyed by misfortune or calamity and the owner does not

rebuild on the original property, its full cash value, as determined in accordance with Section 110, immediately prior to its substantial damage or destruction by misfortune or calamity, as determined by the county assessor of the county in which the property is located, without the application of subdivision (h) of Section 2 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b) of Section 2 of Article XIII A and subdivision (f) of Section 110.1, for the period from the date of its sale by the claimant to the date on which the replacement property was purchased or new construction was completed.

(8) "Sale" means any change in ownership of the original property for consideration.

(9) "Claimant" means any person claiming the property tax relief provided by this section. If a spouse of that person is a record owner of the replacement dwelling, the spouse is also a claimant for purposes of determining whether in any future claim filed by the spouse under this section the condition of eligibility specified in paragraph (7) of subdivision (b) has been met.

(10) "Property that is eligible for the homeowners' exemption" includes property that is the principal place of residence of its owner and is entitled to exemption pursuant to Section 205.5.

(11) "Person" means any individual, but does not include any firm, partnership, association, corporation, company, or other legal entity or organization of any kind.

(12) "Severely and permanently disabled" means any person described in subdivision (b) of Section 74.3.

(13) For the purposes of this section property is "substantially damaged or destroyed by misfortune or calamity" if it sustains physical damage amounting to more than 50 percent of its full cash value immediately prior to the misfortune or calamity. Damage includes a diminution in the value of property as a result of restricted access to the property where the restricted access was caused by the misfortune or calamity and is permanent in nature.

(h) (1) Upon the timely filing of a claim, the assessor shall adjust the new base year value of the replacement dwelling in conformity with this section. This adjustment shall be made as of the latest of the following dates:

(A) The date the original property is sold.

(B) The date the replacement dwelling is purchased.

(C) The date the new construction of the replacement dwelling is completed.

(2) Any taxes that were levied on the replacement dwelling prior to the filing of the claim on the basis of the replacement dwelling's new

base year value, and any allowable annual adjustments thereto, shall be canceled or refunded to the claimant to the extent that the taxes exceed the amount that would be due when determined on the basis of the adjusted new base year value.

(3) Notwithstanding Section 75.10, Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision, including adjustments of the new base year value of replacement dwellings acquired prior to the sale of the original property.

(4) In the case where a claim under this section has been timely filed and granted, and new construction is performed upon the replacement dwelling subsequent to the transfer of base year value, the property tax relief provided by this section also shall apply to the replacement dwelling, as improved, and thus there shall be no reassessment upon completion of the new construction if both of the following conditions are met:

(A) The new construction is completed within two years of the date of the sale of the original property and the owner notifies the assessor in writing of completion of the new construction within 30 days after completion.

(B) The fair market value of the new construction on the date of completion, plus the full cash value of the replacement dwelling on the date of acquisition, is not more than the full cash value of the original property as determined pursuant to paragraph (7) of subdivision (g) for purposes of granting the original claim.

(i) Any claimant may rescind a claim for the property tax relief provided by this section and shall not be considered to have received that relief for purposes of paragraph (7) of subdivision (b), and the assessor shall grant the rescission, if a written notice of rescission is delivered to the office of the assessor as follows:

(1) A written notice of rescission signed by the original filing claimant or claimants is delivered to the office of the assessor in which the original claim was filed.

(2) (A) Except as otherwise provided in this paragraph, the notice of rescission is delivered to the office of the assessor before the date that the county first issues, as a result of relief granted under this section, a refund check for property taxes imposed upon the replacement dwelling. If granting relief will not result in a refund of property taxes, then the notice shall be delivered before payment is first made of any property taxes, or any portion thereof, imposed upon the replacement dwelling consistent with relief granted under this section. If payment of the taxes is not made, then notice shall be delivered before the first date that those property taxes, or any portion thereof, imposed upon the replacement dwelling, consistent with relief granted under this section, are delinquent.

(B) Notwithstanding any other provision in this division, any time the notice of rescission is delivered to the office of the assessor within six years after relief was granted, provided that the replacement property has been vacated as the claimant's principal place of residence within 90 days after the original claim was filed, regardless of whether the property continues to receive the homeowners' exemption. If the rescission increases the base year value of a property, or the homeowners' exemption has been incorrectly allowed, appropriate escape assessments or supplemental assessments, including interest as provided in Section 506, shall be imposed. The limitations periods for any escape assessments or supplemental assessments shall not commence until July 1 of the assessment year in which the notice of rescission is delivered to the office of the assessor.

(3) The notice is accompanied by the payment of a fee as the assessor may require, provided that the fee shall not exceed an amount reasonably related to the estimated cost of processing a rescission claim, including both direct costs and developmental and indirect costs, such as costs for overhead, personnel, supplies, materials, office space, and computers.

(j) (1) With respect to the transfer of base year value of original properties to replacement dwellings located in the same county, this section, except as provided in paragraph (3) or (4), shall apply to any replacement dwelling that is purchased or newly constructed on or after November 6, 1986.

(2) With respect to the transfer of base year value of original properties to replacement dwellings located in different counties, except as provided in paragraph (4), this section shall apply to any replacement dwelling that is purchased or newly constructed on or after the date specified in accordance with subparagraph (E) of paragraph (2) of subdivision (a) in the ordinance of the county in which the replacement dwelling is located, but shall not apply to any replacement dwelling which was purchased or newly constructed before November 9, 1988.

(3) With respect to the transfer of base year value by a severely and permanently disabled person, this section shall apply only to replacement dwellings that are purchased or newly constructed on or after June 6, 1990.

(4) The amendments made to subdivision (e) by the act adding this paragraph shall apply only to replacement dwellings under Section 69 that are acquired or newly constructed on or after October 20, 1991, and shall apply commencing with the 1991-92 fiscal year.

(k) (1) In the case in which a county adopts an ordinance pursuant to paragraph (2) of subdivision (a) that establishes an applicable date which is more than three years prior to the date of adoption of the ordinance, those potential claimants who purchased or constructed

replacement dwellings more than three years prior to the date of adoption of the ordinance and who would, therefore, be precluded from filing a timely claim, shall be deemed to have timely filed a claim if the claim is filed within three years after the date that the ordinance is adopted. This paragraph may not be construed as a waiver of any other requirement of this section.

(2) In the case in which a county assessor corrects a base year value to reflect a pro rata change in ownership of a resident-owned mobilehome park that occurred between January 1, 1989, and January 1, 2002, pursuant to paragraph (4) of subdivision (b) of Section 62.1, those claimants who purchased or constructed replacement dwellings more than three years prior to the correction and who would, therefore, be precluded from filing a timely claim, shall be deemed to have timely filed a claim if the claim is filed within three years of the date of notice of the correction of the base year value to reflect the pro rata change in ownership. This paragraph may not be construed as a waiver of any other requirement of this section.

(3) This subdivision does not apply to a claimant who has transferred his or her replacement dwelling prior to filing a claim.

(4) The property tax relief provided by this section, but filed under this subdivision, shall apply prospectively only, commencing with the lien date of the assessment year in which the claim is filed. There shall be no refund or cancellation of taxes prior to the date that the claim is filed.

(*l*) No escape assessment may be levied if a transfer of base year value under this section has been erroneously granted by the assessor pursuant to an expired ordinance authorizing intercounty transfers of base year value.

(m) (1) The amendments made to subdivisions (b) and (g) of this section by Chapter 613 of the Statutes of 2001 shall apply:

(A) With respect to the transfer of base year value of original properties to replacement dwellings located in the same county, to any replacement dwelling that is purchased or newly constructed on or after November 6, 1986.

(B) With respect to the transfer of base year value of original properties to replacement dwellings located in different counties, to any replacement dwelling that is purchased or newly constructed on or after the date specified in accordance with subparagraph (E) of paragraph (2) of subdivision (a) in the ordinance of the county in which the replacement dwelling is located, but not to any replacement dwelling that was purchased or newly constructed before November 9, 1988.

(C) With respect to the transfer of base year value by a severely and permanently disabled person, to replacement dwellings that are purchased or newly constructed on or after June 6, 1990.

(2) The property tax relief provided by this section in accordance with this subdivision shall apply prospectively only commencing with the lien date of the assessment year in which the claim is filed. There shall be no refund or cancellation of taxes prior to the date that the claim is filed. Notwithstanding subdivision (f), a claim shall be deemed to be timely filed if it is filed within four years after the operative date of the act adding this paragraph.

(n) A claim filed under this section is not a public document and is not subject to public inspection, except that a claim shall be available for inspection by the transferee and the transferor or their respective spouse, the transferee's legal representative, the transferor's legal representative, and the executor or administrator of the transferee's or transferor's estate.

SEC. 3. Section 75.12 of the Revenue and Taxation Code is amended to read:

75.12. (a) For the purposes of this chapter, new construction shall be deemed completed on the earliest of the following dates:

(1) (A) The date upon which the new construction is available for use by the owner, unless the owner does not intend to occupy or use the property. The owner shall notify the assessor prior to, or within 30 days of, the date of commencement of construction that he or she does not intend to occupy or use the property. If the owner does not notify the assessor as provided in this subdivision, the date shall be conclusively presumed to be the date of completion.

(B) Notwithstanding subparagraph (A), an owner is not required to provide the notice described in subparagraph (A) and it is rebuttably presumed that a supplemental assessment is not required on property described in clauses (i) to (iii), inclusive, if the owner's property meets all of the following conditions:

(i) The property is subdivided into five or more parcels in accordance with the Subdivision Map Act (Division 2 (commencing with Section 66410) of Title 7 of the Government Code), or any successor to that law.

(ii) A map describing the parcels has been recorded.

(iii) Zoning regulations that are applicable to the parcels or building permits for the parcels require that, except for parcels dedicated for public use, single-family residences will be constructed on the parcels.

(2) If the owner does not intend to occupy or use the property, the date the property is occupied or used with the owner's consent.

(3) If the property cannot be functionally used or occupied on the date it is available for use considering the type of property and any special

facts and circumstances affecting use or occupancy, the date the property can be functionally used or occupied.

(b) For the purposes of this section:

(1) "Occupy or use" means the occupancy or use by the owner, including the rental or lease of the property, except as provided in paragraph (2).

(2) Property shall not be considered occupied or used by the owner or with the owner's consent if the occupancy or use is incidental to an offer for a change of ownership, including, but not limited to, use of the property as a model home.

(c) The board, after consultation with the California Assessors Association, shall adopt rules and regulations defining the date of completion of new construction in accordance with this section. The rules and regulations shall not define the date of completion in a manner that the date of completion of all new construction is postponed until the following lien date.

(d) Nothing in this section shall preclude the reassessment of that property on the assessment roll for January 1 following the date of completion.

(e) The owner of any property who notifies the assessor pursuant to subdivision (a) that he or she does not intend to occupy or use the property shall notify the assessor within 45 days of the earliest date that any of the following occur:

(1) The property changes ownership pursuant to an unrecorded contract of sale.

(2) The property is leased or rented.

(3) The property is occupied or used by the owner for any purpose other than provided in subdivision (b).

(4) The property is occupied or used with the owner's consent for any purpose other than provided in subdivision (b).

(f) The failure to provide the assessor the notice required by subdivision (e), whether requested or not, shall result in a penalty in the amount specified in Section 482.

SEC. 4. Section 75.23 is added to the Revenue and Taxation Code, to read:

75.23. (a) Notwithstanding any other provision of law, in the case of a supplemental assessment on property that has undergone a change in ownership, an exemption that was granted to that property on the current roll or the roll being prepared shall not apply to that property as of the date of the change in ownership if the transferee did not otherwise qualify for that exemption on the date of the change in ownership. This subdivision shall not be construed to preclude a transferee from

qualifying, on and after the date of a change in ownership, for an exemption for that property that is otherwise provided by law.

(b) Subdivision (a) does not apply to property that was granted the homeowners' exemption on the current roll or the roll being prepared.

SEC. 5. Section 408.2 of the Revenue and Taxation Code is amended to read:

408.2. (a) Except as otherwise provided in Sections 63.1, 69.5, 451, and 481 of this code and in Section 6254 of the Government Code, any information and records in the assessor's office which are required by law to be kept or prepared by the assessor, other than homeowners' exemption claims, are public records and shall be open to public inspection. Property receiving the homeowners' exemption shall be clearly identified on the assessment roll. The assessor shall maintain records which shall be open to public inspection to identify those claimants who have been granted the homeowners' exemption.

(b) The assessor may provide any appraisal data in his or her possession to the assessor of any county and shall provide any market data in his or her possession to an assessee of property or his or her designated representative upon request. The assessor shall permit an assessee of property or his or her designated representative to inspect at the assessor's office any information and records, whether or not required to be kept or prepared by the assessor, relating to the appraisal and the assessment of his or her property. Except as provided in Section 408.1, an assessee or his or her designated representative, however, shall not be provided or permitted to inspect information and records, other than market data, which also relate to the property or business affairs of another person, unless that disclosure is ordered by a competent court in a proceeding initiated by a taxpayer seeking to challenge the legality of his or her assessment.

(c) The assessor shall disclose information, furnish abstracts, or permit access to all records in his or her office to law enforcement agencies, the county grand jury, the board of supervisors or their duly authorized agents, employees or representatives when conducting an investigation of the assessor's office pursuant to Section 25303 of the Government Code, the Controller, probate referees, employees of the Franchise Tax Board for tax administration purposes only, the State Board of Equalization, and other duly authorized legislative or administrative bodies of the state pursuant to their authorization to examine the records.

(d) For purposes of this section, "market data" means any information in the assessor's possession, whether or not required to be prepared or kept by him or her, relating to the sale of any property comparable to the property of the assessee, if the assessor bases his or her assessment of the assessee's property, in whole or in part, on that comparable sale

or sales. The assessor shall provide the names of the seller and buyer of each property on which the comparison is based, the location of that property, the date of the sale, and the consideration paid for the property, whether paid in money or otherwise, but for purposes of providing market data, the assessor shall not display any document relating to the business affairs or property of another.

(e) This section applies only to a county with a population that exceeds 4,000,000.

SEC. 6. Section 469 of the Revenue and Taxation Code is amended to read:

469. (a) In any case in which locally assessable trade fixtures and business tangible personal property owned, claimed, possessed, or controlled by a taxpayer that is not fully exempt from property taxation under other provisions of law and that is engaged in a profession, trade, or business has a full value of four hundred thousand dollars ($400,000) or more, the assessor shall audit the books and records of that profession, trade, or business at least once each four years. If the board determines the value of property pursuant to Section 15640 of the Government Code, that determination may be deemed an audit by the assessor for purposes of this section.

(b) With respect to any audit of the books of a profession, trade, or business, regardless of the full value of the trade fixtures and business tangible personal property owned, claimed, possessed, or controlled by the taxpayer, the following shall apply:

(1) Upon completion of an audit of the taxpayer's books and records, the taxpayer shall be given the assessor's findings in writing with respect to data that would alter any previously enrolled assessment.

(2) Equalization of the property by a county board of equalization or assessment appeals board pursuant to Chapter 1 (commencing with Section 1601) of Part 3 of this division shall not preclude a subsequent audit and shall not preclude the assessor from levying an escape assessment in appropriate instances, but shall preclude an escape assessment being levied on that portion of the assessment that was the subject of the equalization hearing.

(3) If the result of an audit for any year discloses property subject to an escape assessment, then the original assessment of all property of the assessee at the location of the profession, trade, or business for that year shall be subject to review, equalization and adjustment by the county board of equalization or assessment appeals board pursuant to Chapter 1 (commencing with Section 1601) of Part 3 of this division, except in those instances when the property had previously been equalized for the year in question.

(4) If the audit for any particular tax year discloses that the property of the taxpayer was incorrectly valued or misclassified for any cause, to the extent that this error caused the property to be assessed at a higher value than the assessor would have entered on the roll had the incorrect valuation or misclassification not occurred, then the assessor shall notify the taxpayer of the amount of the excess valuation or misclassification, and the fact that a claim for cancellation or refund may be filed with the county as provided by Sections 4986 and 5096.

SEC. 7. Section 534 of the Revenue and Taxation Code is amended to read:

534. (a) Assessments made pursuant to Article 3 (commencing with Section 501) or this article shall be treated like, and taxed at the same rate applicable to, property regularly assessed on the roll on which it is entered, unless the assessment relates to a prior year and then the tax rate of the prior year shall be applied, except that the tax rate for years prior to the 1981-82 fiscal year shall be divided by four.

(b) No assessment described in subdivision (a) shall be effective for any purpose, including its review, equalization and adjustment by the Board of Equalization, until the assessee has been notified thereof personally or by United States mail at his or her address as contained in the official records of the county assessor. For purposes of Section 532, the assessment shall be deemed made on the date on which it is entered on the roll pursuant to Section 533, if the assessee is notified of the assessment within 60 days after the statute of limitations or the placing of the escape assessment on the assessment roll. Otherwise the assessment shall be deemed made only on the date the assessee is so notified.

(c) The notice given by the assessor pursuant to this section shall include all of the following:

(1) The date the notice was mailed.

(2) Information regarding the assessee's right to an informal review and the right to appeal the assessment, and except in a case in which paragraph (3) applies, that the appeal shall be filed within 60 days of the date of mailing printed on the notice or the postmarked date therefor, whichever is later. For the purposes of equalization proceedings, the assessment shall be considered an assessment made outside of the regular assessment period as provided in Section 1605.

(3) For counties in which the board of supervisors has adopted a resolution in accordance with subdivision (c) of Section 1605, and the County of Los Angeles, receipt by the assessee of a tax bill based on that assessment shall suffice as notice under this section if the tax bill advises the assessee of the right to appeal the assessment, and that the appeal shall be filed within 60 days of the date of mailing printed on the tax bill or the postmark therefor, whichever is later. For the purposes of

equalization proceedings, the assessment shall be considered an assessment made outside of the regular assessment period as provided in Section 1605.

(4) A description of the requirements, procedures, and deadlines with respect to an application for the reduction of an assessment pursuant to Section 1605.

(d) (1) The notice given by the assessor under this section shall be on a form approved by the board.

(2) Giving of the notice required by Section 531.8 shall not satisfy the requirements of this section.

SEC. 8. Section 755 of the Revenue and Taxation Code is amended to read:

755. (a) On or before July 15, the board shall transmit to each county auditor an estimate of the total unitary value and operating nonunitary value of state-assessed property in the county and of nonunitary state-assessed property in each revenue district in the county. An estimate need not be made for a revenue district that did not levy a tax or assessment during the preceding year unless the board receives on or before January 1 preceding the fiscal year for which the levy is to be made a notice in writing of the proposed levy. The estimate shall be regarded as establishing the total assessed value of state-assessed property in the county and each revenue district in the county for the purpose of determining tax rates, subject only to those changes as may be transmitted on or prior to July 31. All information furnished pursuant to this section is at all times during office hours open to inspection by any interested person or entity.

(b) Notwithstanding subdivision (a), in making the estimate referred to in subdivision (a), the unitary value and nonunitary value of the property of regulated railway companies, property subject to subdivisions (i), (j), and (k) of Section 100, and property subject to Section 100.9 shall be allocated by revenue district.

SEC. 9. Section 756 of the Revenue and Taxation Code is amended to read:

756. (a) On or before July 31, the board shall transmit to each county auditor a roll showing the unitary and operating nonunitary assessments made by the board in the county and the nonoperating nonunitary assessments made by the board in each city and revenue district in the county; provided, however, that the roll need not show the assessments made by the board in a revenue district which did not levy a tax or assessment during the preceding year. The roll is at all times, during office hours, open to the inspection of any person representing any taxing agency or revenue district, or any district described in Section 2131. If the roll does not show the assessments in a revenue district as herein

provided and a notice of a proposed levy is furnished the board in writing, on or before January 1 preceding the fiscal year for which the levy is to be made, the board shall furnish an estimate of the total assessed value of nonoperating nonunitary state-assessed property in the district and shall transmit thereafter to the county auditor a statement of roll change showing the nonoperating nonunitary assessments made by the board in the district.

(b) Notwithstanding subdivision (a), in making the roll referred to in subdivision (a), the unitary value and nonunitary value of the property of regulated railway companies, property subject to subdivisions (i), (j), and (k) of Section 100, and property subject to Section 100.9 shall be enrolled by revenue district.

SEC. 10. Section 1641.5 is added to the Revenue and Taxation Code, to read:

1641.5. (a) Notwithstanding any other provision of law, the board of supervisors of a county in which a hearing officer exercises jurisdiction pursuant to subdivision (a) of Section 1637 may, by a resolution enacted by a majority of the entire membership of that board, provide that the decision of a hearing officer on an assessment appeal application constitutes the final administrative decision of the county board of equalization or county assessment appeals board on that application without any further action by the county board of equalization or county assessment appeals board.

(b) In a county that adopts the resolution described in subdivision (a), that resolution supersedes Sections 1640 and 1641.

SEC. 11. Section 3693.1 of the Revenue and Taxation Code is amended to read:

3693.1. Notwithstanding Section 3693, the tax collector may make the sale of any property sold under this chapter a cash or deferred-payment transaction. If the tax collector approves the sale as a deferred-payment transaction, the tax collector may require a deposit in the amount of five thousand dollars ($5,000) or 10 percent of the minimum bid price, whichever is greater. The balance of the purchase price shall be paid by any method of payment authorized by Section 2502, 2503.2, or 2504, as specified by the tax collector and within a period specified by the tax collector not to exceed 90 days from the date of the close of auction as a condition precedent to the transfer of title to the purchaser. If the purchaser was required to pay a deposit prior to the date of the sale, the deposit shall be applied toward the purchase price of the property. Failure on the part of the successful bidder to consummate the sale within the period specified by the tax collector shall result in the forfeiture of the deposit and all rights he or she may have with respect to that property. Any forfeiture of deposit shall be

distributed to the county general fund and shall not apply to outstanding delinquent taxes. Upon forfeiture the right of redemption shall revive.

SEC. 12. Section 3706.1 of the Revenue and Taxation Code is amended to read:

3706.1. The tax collector may postpone the tax sale or any portion thereof under the following conditions:

(a) Notice of any postponement of a public auction tax sale shall be made by the tax collector who, by public declaration at the time and place originally fixed for the public auction, may postpone the sale to a new time, date, and place. No other notice of the postponed public auction need be given if the date for the new time, date, and place is within seven days of the time originally fixed for the sale.

(b) Notice of any postponed sealed-bid sale or postponed public auction sale that is scheduled to be held not less than eight days nor more than 90 days from the time originally fixed for the sale shall be made pursuant to the same provisions followed in providing notice of the original sale to parties of interest, as defined in Section 4675.

SEC. 13. Section 11316 of the Revenue and Taxation Code is amended to read:

11316. If the board makes an assessment pursuant to Section 11311, 11314, or 11315 due to the negligence of the taxpayer, a penalty of 10 percent of the value of the estimated or escape assessment shall be added to the assessment. If the estimated or escape assessment is due to a fraudulent or willful attempt to evade the tax, a penalty of 25 percent of the value of the estimated or escape assessment shall be added to the assessment. A willful failure to file a report as required by Article 2 (commencing with Section 11271) of this chapter shall be deemed to be a willful attempt to evade the tax.

If the assessee establishes to the satisfaction of the board that the failure to file an accurate property statement was due to reasonable cause and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect, the board shall order the penalty abated, provided the assessee has filed with the board written application for abatement of the penalty within the time prescribed by law for filing a petition for reassessment.

SEC. 14. Section 11336 of the Revenue and Taxation Code is amended to read:

11336. On or before August 1 the board shall complete the assessment of all property required to be assessed and shall notify the assessees thereof. This notice shall include an announcement of the statutory period during which, and the place at which, a petition for reassessment may be filed.

SEC. 15. Section 18633.5 of the Revenue and Taxation Code is amended to read:

18633.5. (a) Every limited liability company which is classified as a partnership for California tax purposes that is doing business in this state, organized in this state, or registered with the Secretary of State shall file its return on or before the fifteenth day of the fourth month following the close of its taxable year, stating specifically the items of gross income and the deductions allowed by Part 10 (commencing with Section 17001). The return shall include the names, addresses, and taxpayer identification numbers of the persons, whether residents or nonresidents, who would be entitled to share in the net income if distributed and the amount of the distributive share of each person. The return shall contain or be verified by a written declaration that it is made under penalty of perjury, signed by one of the limited liability company members. In the case of a limited liability company not doing business in this state, and subject to the tax imposed by subdivision (b) of Section 17941, the Franchise Tax Board shall, for returns required to be filed on or after January 1, 1998, prescribe the manner and extent to which the information identified in this subdivision shall be included with the return required by this subdivision.

(b) Each limited liability company required to file a return under subdivision (a) for any limited liability company taxable year shall, on or before the day on which the return for that taxable year was required to be filed, furnish to each person who holds an interest in that limited liability company at any time during that taxable year a copy of that information required to be shown on that return as may be required by forms and instructions prescribed by the Franchise Tax Board.

(c) Any person who holds an interest in a limited liability company as a nominee for another person shall do both of the following:

(1) Furnish to the limited liability company, in the manner prescribed by the Franchise Tax Board, the name, address, and taxpayer identification number of that person, and any other information for that taxable year as the Franchise Tax Board may prescribe by forms and instructions.

(2) Furnish to that other person, in the manner prescribed by the Franchise Tax Board, the information provided by that limited liability company under subdivision (b).

(d) The provisions of Section 6031(d) of the Internal Revenue Code, relating to the separate statement of items of unrelated business taxable income, shall apply.

(e) (1) A limited liability company shall file with its return required under subdivision (a), in the form required by the Franchise Tax Board, the agreement of each nonresident member to file a return pursuant to

Section 18501, to make timely payment of all taxes imposed on the member by this state with respect to the income of the limited liability company, and to be subject to personal jurisdiction in this state for purposes of the collection of income taxes, together with related interest and penalties, imposed on the member by this state with respect to the income of the limited liability company. If the limited liability company fails to timely file the agreements on behalf of each of its nonresident members, then the limited liability company shall, at the time set forth in subdivision (f), pay to this state on behalf of each nonresident member of whom an agreement has not been timely filed an amount equal to the highest marginal tax rate in effect under Section 17041, in the case of members which are individuals, estates, or trusts, and Section 23151, in the case of members that are corporations, multiplied by the amount of the member's distributive share of the income source to the state reflected on the limited liability company's return for the taxable period, reduced by the amount of tax previously withheld and paid by the limited liability company pursuant to Section 18662 and the regulations thereunder with respect to each nonresident member. A limited liability company shall be entitled to recover the payment made from the member on whose behalf the payment was made.

(2) If a limited liability company fails to attach the agreement or to timely pay the payment required by paragraph (1), the payment shall be considered the tax of the limited liability company for purposes of the penalty prescribed by Section 19132 and interest prescribed by Section 19101 for failure to timely pay the tax. Payment of the penalty and interest imposed on the limited liability company for failure to timely pay the amount required by this subdivision shall extinguish the liability of a nonresident member for the penalty and interest for failure to make timely payment of all taxes imposed on that member by this state with respect to the income of the limited liability company.

(3) No penalty or interest shall be imposed on the limited liability company under paragraph (2) if the nonresident member timely files and pays all taxes imposed on the member by this state with respect to the income of the limited liability company.

(f) Any agreement of a nonresident member required to be filed pursuant to subdivision (e) shall be filed at either of the following times:

(1) The time the annual return is required to be filed pursuant to this section for the first taxable period for which the limited liability company became subject to tax pursuant to Chapter 10.6 (commencing with Section 17941).

(2) The time the annual return is required to be filed pursuant to this section for any taxable period in which the limited liability company

had a nonresident member on whose behalf an agreement described in subdivision (e) has not been previously filed.

(g) Any amount paid by the limited liability company to this state pursuant to paragraph (1) of subdivision (e) shall be considered to be a payment by the member on account of the income tax imposed by this state on the member for the taxable period.

(h) Every limited liability company that is classified as a corporation for California tax purposes shall be subject to the requirement to file a tax return under the provisions of Part 10.2 (commencing with Section 18401) and the applicable taxes imposed by Part 11 (commencing with Section 23001).

(i) (1) Every limited liability company doing business in this state, organized in this state, or registered with the Secretary of State, that is disregarded pursuant to Section 23038 shall file a return that includes information necessary to verify its liability under Sections 17941 and 17942, provides its sole owner's name and taxpayer identification number, includes the consent of the owner to California tax jurisdiction, and includes other information necessary for the administration of this part, Part 10 (commencing with Section 17001), or Part 11 (commencing with Section 23001).

(2) If the owner's consent required under paragraph (1) is not included, the limited liability company shall pay on behalf of its owner an amount consistent with, and treated the same as, the amount to be paid under subdivision (e) by a limited liability company on behalf of a nonresident member for whom an agreement required by subdivision (e) is not attached to the return of the limited liability company.

(3) The return required under paragraph (1) shall be filed on or before the fifteenth day of the fourth month after the close of the taxable year of the owner subject to tax under Part 10 (commencing with Section 17001) of Division 2 or on or before the fifteenth day of the third month after the close of the taxable year of the owner subject to tax under Chapter 2 (commencing with Section 23101) of Part 11 of Division 2, whichever is applicable.

(4) For limited liability companies disregarded pursuant to Section 23038, "taxable year of the owner" shall be substituted for "taxable year" in Sections 17941 and 17942.

(j) The amendments made by the act adding this subdivision apply to taxable years beginning on or after January 1, 2005.

SEC. 16. Section 20583 of the Revenue and Taxation Code, as amended by Section 188 of Chapter 22 of the Statutes of 2005, is amended to read:

20583. (a) "Residential dwelling" means a dwelling occupied as the principal place of residence of the claimant, and so much of the land

surrounding it as is reasonably necessary for use of the dwelling as a home, owned by the claimant, the claimant and spouse, or by the claimant and either another individual eligible for postponement under this chapter or an individual described in subdivision (a), (b), or (c) of Section 20511 and located in this state. It shall include condominiums and mobilehomes that are assessed as realty for local property tax purposes. It also includes part of a multidwelling or multipurpose building and a part of the land upon which it is built. In the case of a mobilehome not assessed as real property that is located on land owned by the claimant, "residential dwelling" includes the land on which the mobilehome is situated and so much of the land surrounding it as reasonably necessary for use of the mobilehome as a home.

(b) As used in this chapter in reference to ownership interests in residential dwellings, "owned" includes (1) the interest of a vendee in possession under a land sale contract provided that the contract or memorandum thereof is recorded and only from the date of recordation of the contract or memorandum thereof in the office of the county recorder where the residential dwelling is located, (2) the interest of the holder of a life estate provided that the instrument creating the life estate is recorded and only from the date of recordation of the instrument creating the life estate in the office of the county recorder where the residential dwelling is located, but "owned" does not include the interest of the holder of any remainder interest or the holder of a reversionary interest in the residential dwelling, (3) the interest of a joint tenant or a tenant in common in the residential dwelling or the interest of a tenant where title is held in tenancy by the entirety or a community property interest where title is held as community property, and (4) the interest in the residential dwelling in which the title is held in trust, as described in subdivision (d) of Section 62, provided that the Controller determines that the state's interest is adequately protected.

(c) For purposes of this chapter, the registered owner of a mobilehome shall be deemed to be the owner of the mobilehome.

(d) Except as provided in subdivision (c), and Chapter 3 (commencing with Section 20625), ownership must be evidenced by an instrument duly recorded in the office of the county where the residential dwelling is located.

(e) "Residential dwelling" does not include any of the following:

(1) Any residential dwelling in which the owners do not have an equity of at least 20 percent of the full value of the property as determined for purposes of property taxation or at least 20 percent of the fair market value as determined by the Controller and where the Controller determines that the state's interest is adequately protected. The 20-percent equity requirement shall be met at the time the claimant or authorized

agent files an initial postponement claim and tenders to the tax collector the initial certificate of eligibility described in Sections 20602, 20639.6, and 20640.6.

(2) Any residential dwelling in which the claimant's interest is held pursuant to a contract of sale or under a life estate, unless the claimant obtains the written consent of the vendor under the contract of sale, or the holder of the reversionary interest upon termination of the life estate, for the postponement of taxes and the creation of a lien on the real property in favor of the state for amounts postponed pursuant to this act.

(3) Any residential dwelling on which the claimant does not receive a secured tax bill.

(4) Any residential dwelling in which the claimant's interest is held as a possessory interest, except as provided in Chapter 3.5 (commencing with Section 20640).

(f) Notwithstanding subdivision (c) of Section 20584, houseboats and floating homes, as defined by Section 20583.1, on which property taxes are delinquent at the time the application for postponement under this chapter is made, shall not be eligible for postponement.

SEC. 17. Section 24348.5 of the Revenue and Taxation Code is repealed.

SEC. 18. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Sections 63.1 and 69.5 of the Revenue and Taxation Code, impose limitations on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

(a) Claims filed under Section 63.1 or Section 69.5 contain taxpayer sensitive personal information, including social security numbers, dates of birth, home addresses, home telephone numbers, marital status, adoption status, financial matters, and medical information. Notwithstanding Section 3 of Article I of the California Constitution, county assessors have a responsibility and an obligation to safeguard from public access a taxpayer's personal information with which it has been entrusted.

(b) The right to privacy is a personal and fundamental right protected by Section 1 of Article I of the California Constitution and by the United States Constitution. All individuals have a right of privacy in information pertaining to them.

(c) This state has previously recognized, in Section 408.2 of the Revenue and Taxation Code, the importance of protecting the confidentiality and privacy of an individual's personal and financial

information contained in homeowners' exemption claims, property statements, and change of ownership statements filed with county assessors for property tax purposes.

(d) In addition to the right of privacy, there is a need to protect from public disclosure personal information due to the growing prevalence and debilitating nature of identity theft.

(e) It is not the intent of this act to make confidential that a particular property has received a property tax benefit pursuant to Section 63.1 or Section 69.5 of the Revenue and Taxation Code, or the amount of the benefit, but only to protect the personal information contained in the claim form. In addition, the Legislature further finds that in determining the fiscal impact resulting from either of these provisions, county assessors may provide aggregated data on property in their counties that have been extended these property tax benefits.

SEC. 19. Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

SEC. 20. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 265

An act to add Section 68553.5 to the Government Code, and to add Sections 710, 711, 712, 713, and 714 to the Welfare and Institutions Code, relating to minors.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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 of the minors in our state's juvenile justice system have severe emotional disturbances or developmental disabilities.

(2) There are many different statutes under which a court is authorized to order evaluation of these minors, and different funding sources from which payment for an evaluation may be made.

(3) There is no uniform statewide standard or procedure for evaluation of these minors. Under the current law, it is difficult to ensure that these minors' needs are being met.

(b) It is the intent of the Legislature to enact legislation that will create a unified statutory scheme for the evaluation of minors in the juvenile justice system who have severe emotional disturbances or developmental disabilities, so that these minors may be evaluated prior to disposition and, if the minors are identified as having a disability, placed where they may receive integrated services and treatment whenever possible.

SEC. 2. Section 68553.5 is added to the Government Code, to read:

68553.5. To the extent resources are available, the Judicial Council shall provide education on mental health and developmental disability issues affecting juveniles in delinquency proceedings pursuant to Section 602 of the Welfare and Institutions Code to judicial officers and, as appropriate, to other public officers and entities that may be involved in the arrest, evaluation, prosecution, defense, disposition, and postdisposition or placement phases of delinquency proceedings. The education shall include, to the extent possible, using available resources, information on the early identification of mental illness or developmental disability in delinquency proceedings, on statutory and case law providing for the assessment or evaluation of minors with mental health problems or developmental disabilities, on specialized adjudication or disposition procedures, such as mental health courts, that may apply to these minors, and on appropriate programs, services, and placements for minors with mental health problems or developmental disabilities, including information on the benefits and detriments of placing minors with mental health problems or developmental disabilities in secure juvenile justice facilities, such as the Department of the Youth Authority.

SEC. 3. Section 710 is added to the Welfare and Institutions Code, to read:

710. (a) Sections 711, 712, and 713 shall not be applicable in a county unless the application of those sections in the county has been approved by a resolution adopted by the board of supervisors. A county may establish a program pursuant to Section 711, 712, or 713, or pursuant to two or all three of those sections, on a permanent basis, or it may establish the program on a limited duration basis for a specific number of years. Moneys from a grant from the Mental Health Services Act used to fund a program pursuant to Section 711, 712, or 713 may be used only for services related to mental health assessment, treatment, and evaluation.

(b) It is the intent of the Legislature that in a county where funding exists through the Mental Health Services Act, and the board of supervisors has adopted a resolution pursuant to subdivision (a), the

courts may, under the guidelines established in Section 711, make available the evaluation described in Section 712, and receive treatment and placement recommendations from the multidisciplinary assessment team as described in Section 713.

SEC. 4. Section 711 is added to the Welfare and Institutions Code, to read:

711. (a) When it appears to the court, or upon request of the prosecutor or counsel for the minor, at any time, that a minor who is alleged to come within the jurisdiction of the court under Section 602, may have a serious mental disorder, is seriously emotionally disturbed, or has a developmental disability, the court may order that the minor be referred for evaluation, as described in Section 712.

(b) A minor, with the approval of his or her counsel, may decline the referral for mental health evaluation described in Section 712 or the multidisciplinary team review described in Section 713, in which case the matter shall proceed without the application of Sections 712 and 713, and in accordance with all other applicable provisions of law.

SEC. 5. Section 712 is added to the Welfare and Institutions Code, to read:

712. (a) The evaluation ordered by the court under Section 711 shall be made, in accordance with the provisions of Section 741, by an appropriate and licensed mental health professional who meets one or more of the following criteria:

(1) The person is licensed to practice medicine in the State of California and is trained and actively engaged in the practice of psychiatry.

(2) The person is licensed as a psychologist under Chapter 6.6 (commencing with Section 2900) of Division 2 of the Business and Professions Code.

(b) The evaluator selected by the court shall personally examine the minor, conduct appropriate psychological or mental health screening, assessment, or testing, according to a uniform protocol developed by the county mental health department and prepare and submit to the court a written report indicating his or her findings and recommendations to guide the court in determining whether the minor has a serious mental disorder or is seriously emotionally disturbed, as described in Section 5600.3, or has a developmental disability, as defined in Section 4512. If the minor is detained, the examination shall occur within three court days of the court's order of referral for evaluation, and the evaluator's report shall be submitted to the court not later than five court days after the evaluator has personally examined the minor, unless the submission date is extended by the court for good cause shown.

(c) Based on the evaluator's written report, the court shall determine whether the minor has a serious mental disorder or is seriously emotionally disturbed, as described in Section 5600.3, or has a developmental disability, as defined in Section 4512. If the court determines that the minor has a serious mental disorder, is seriously emotionally disturbed, or has a developmental disability, the case shall proceed as described in Section 713. If the court determines that the minor does not have a serious mental disorder, is not seriously emotionally disturbed, or does not have a developmental disability, the matter shall proceed without the application of Section 713 and in accordance with all other applicable provisions of law.

(d) This section shall not be construed to interfere with the legal authority of the juvenile court or of any other public or private agency or individual to refer a minor for mental health evaluation or treatment as provided in Section 370, 635.1, 704, 741, 5150, 5694.7, 5699.2, 5867.5, or 6551 of this code, or in Section 4011.6 of the Penal Code.

SEC. 6. Section 713 is added to the Welfare and Institutions Code, to read:

713. (a) For any minor described in Section 711 who is determined by the court under Section 712 to be seriously emotionally disturbed, have a serious mental disorder, or have a developmental disability, and who is adjudicated a ward of the court under Section 602, the dispositional procedures set forth in this section shall apply.

(b) Prior to the preparation of the social study required under Section 706, 706.5, or 706.6, the minor shall be referred to a multidisciplinary team for dispositional review and recommendation. The multidisciplinary team shall consist of qualified persons who are collectively able to evaluate the minor's full range of treatment needs and may include representatives from local probation, mental health, regional centers, regional resource development projects, child welfare, education, community-based youth services, and other agencies or service providers. The multidisciplinary team shall include at least one licensed mental health professional as described in subdivision (a) of Section 712. If the minor has been determined to have both a mental disorder and a developmental disorder, the multidisciplinary team may include both an appropriate mental health agency and a regional center.

(c) The multidisciplinary team shall review the nature and circumstances of the case, including the minor's family circumstances, as well as the minor's relevant tests, evaluations, records, medical and psychiatric history, and any existing individual education plan or individual program plans. The multidisciplinary team shall provide for the involvement of the minor's available parent, guardian, or primary caretaker in its review, including any direct participation in

multidisciplinary team proceedings as may be helpful or appropriate for development of a treatment plan in the case. The team shall identify the mental health or other treatment services, including in-home and community-based services that are available and appropriate for the minor, including services that may be available to the minor under federal and state programs and initiatives, such as wraparound service programs. At the conclusion of its review, the team shall then produce a recommended disposition and written treatment plan for the minor, to be appended to, or incorporated into, the probation social study presented to the court.

(d) The court shall review the treatment plan and the dispositional recommendations prepared by the multidisciplinary team and shall take them into account when making the dispositional order in the case. The dispositional order in the case shall be consistent with the protection of the public and the primary treatment needs of the minor as identified in the report of the multidisciplinary team. The minor's disposition order shall incorporate, to the extent feasible, the treatment plan submitted by the multidisciplinary team, with any adjustments deemed appropriate by the court.

(e) The dispositional order in the case shall authorize placement of the minor in the least restrictive setting that is consistent with the protection of the public and the minor's treatment needs, and with the treatment plan approved by the court. The court shall, in making the dispositional order, give preferential consideration to the return of the minor to the home of his or her family, guardian, or responsible relative with appropriate in-home, outpatient, or wraparound services, unless that action would be, in the reasonable judgment of the court, inconsistent with the need to protect the public or the minor, or with the minor's treatment needs.

(f) Whenever a minor is recommended for placement at a state developmental center, the regional center director or designee shall submit a report to the Director of the Department of Developmental Services or his or her designee. The regional center report shall include the assessments, individual program plan, and a statement describing the necessity for a developmental center placement. The Director of Developmental Services or his or her designee may, within 60 days of receiving the regional center report, submit to the court a written report evaluating the ability of an alternative community option or a developmental center to achieve the purposes of treatment for the minor and whether a developmental center placement can adequately provide the security measures or systems required to protect the public health and safety from the potential dangers posed by the minor's known behaviors.

SEC. 7. Section 714 is added to the Welfare and Institutions Code, to read:

714. A regional center, as described in Chapter 5 (commencing with Section 4620) of Division 4.5, shall not be required to provide assessments or services to minors pursuant to Section 711, 712, or 713 solely on the basis of a finding by the court under subdivision (c) of Section 712 that the minor is developmentally disabled. Regional center representatives may, at their option and on a case-by-case basis, participate in the multidisciplinary teams described in Section 713. However, any assessment provided by or through a regional center to a minor determined by the court to be developmentally disabled under subdivision (c) of Section 712 shall be provided in accordance with the provisions and procedures in Chapter 5 (commencing with Section 4620) of Division 4.5 that relate to regional centers.

CHAPTER 266

An act to amend Section 2746.51 of the Business and Professions Code, relating to nursing.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 2746.51 of the Business and Professions Code is amended to read:

2746.51. (a) Neither this chapter nor any other provision of law shall be construed to prohibit a certified nurse-midwife from furnishing or ordering drugs or devices, including controlled substances classified in Schedule II, III, IV, or V under the California Uniform Controlled Substances Act (Division 10 (commencing with Section 11000) of the Health and Safety Code), when all of the following apply:

(1) The drugs or devices are furnished or ordered incidentally to the provision of any of the following:

(A) Family planning services, as defined in Section 14503 of the Welfare and Institutions Code.

(B) Routine health care or perinatal care, as defined in subdivision (d) of Section 123485 of the Health and Safety Code.

(C) Care rendered, consistent with the certified nurse-midwife's educational preparation or for which clinical competency has been established and maintained, to persons within a facility specified in

subdivision (a), (b), (c), (d), (i), or (j) of Section 1206 of the Health and Safety Code, a clinic as specified in Section 1204 of the Health and Safety Code, a general acute care hospital as defined in subdivision (a) of Section 1250 of the Health and Safety Code, a licensed birth center as defined in Section 1204.3 of the Health and Safety Code, or a special hospital specified as a maternity hospital in subdivision (f) of Section 1250 of the Health and Safety Code.

(2) The drugs or devices are furnished or ordered by a certified nurse-midwife in accordance with standardized procedures or protocols. For purposes of this section, standardized procedure means a document, including protocols, developed and approved by the supervising physician and surgeon, the certified nurse-midwife, and the facility administrator or his or her designee. The standardized procedure covering the furnishing or ordering of drugs or devices shall specify all of the following:

(A) Which certified nurse-midwife may furnish or order drugs or devices.

(B) Which drugs or devices may be furnished or ordered and under what circumstances.

(C) The extent of physician and surgeon supervision.

(D) The method of periodic review of the certified nurse-midwife's competence, including peer review, and review of the provisions of the standardized procedure.

(3) If Schedule II or III controlled substances, as defined in Sections 11055 and 11056 of the Health and Safety Code, are furnished or ordered by a certified nurse-midwife, the controlled substances shall be furnished or ordered in accordance with a patient-specific protocol approved by the treating or supervising physician and surgeon. For Schedule II controlled substance protocols, the provision for furnishing the Schedule II controlled substance shall address the diagnosis of the illness, injury, or condition for which the Schedule II controlled substance is to be furnished.

(4) The furnishing or ordering of drugs or devices by a certified nurse-midwife occurs under physician and surgeon supervision. For purposes of this section, no physician and surgeon shall supervise more than four certified nurse-midwives at one time. Physician and surgeon supervision shall not be construed to require the physical presence of the physician, but does include all of the following:

(A) Collaboration on the development of the standardized procedure or protocol.

(B) Approval of the standardized procedure or protocol.

(C) Availability by telephonic contact at the time of patient examination by the certified nurse-midwife.

(b) (1) The furnishing or ordering of drugs or devices by a certified nurse-midwife is conditional on the issuance by the board of a number to the applicant who has successfully completed the requirements of paragraph (2). The number shall be included on all transmittals of orders for drugs or devices by the certified nurse-midwife. The board shall maintain a list of the certified nurse-midwives that it has certified pursuant to this paragraph and the number it has issued to each one. The board shall make the list available to the California State Board of Pharmacy upon its request. Every certified nurse-midwife who is authorized pursuant to this section to furnish or issue a drug order for a controlled substance shall register with the United States Drug Enforcement Administration.

(2) The board has certified in accordance with paragraph (1) that the certified nurse-midwife has satisfactorily completed at least six months of physician and surgeon supervised experience in the furnishing or ordering of drugs or devices and a course in pharmacology covering the drugs or devices to be furnished or ordered under this section. The board shall establish the requirements for satisfactory completion of this paragraph.

(3) A copy of the standardized procedure or protocol relating to the furnishing or ordering of controlled substances by a certified nurse-midwife shall be provided upon request to any licensed pharmacist who is uncertain of the authority of the certified nurse-midwife to perform these functions.

(4) Certified nurse-midwives who are certified by the board and hold an active furnishing number, who are currently authorized through standardized procedures or protocols to furnish Schedule II controlled substances, and who are registered with the United States Drug Enforcement Agency shall provide documentation of continuing education specific to the use of Schedule II controlled substances in settings other than a hospital based on standards developed by the board.

(c) Drugs or devices furnished or ordered by a certified nurse-midwife may include Schedule II controlled substances under the California Uniform Controlled Substances Act (Division 10 (commencing with Section 11000) of the Health and Safety Code) under the following conditions:

(1) The drugs and devices are furnished or ordered in accordance with requirements referenced in paragraphs (2) to (4), inclusive, of subdivision (a) and in paragraphs (1) to (3), inclusive, of subdivision (b).

(2) When Schedule II controlled substances, as defined in Section 11055 of the Health and Safety Code, are furnished or ordered by a certified nurse-midwife, the controlled substances shall be furnished or

ordered in accordance with a patient-specific protocol approved by the treating or supervising physician and surgeon.

(d) Furnishing of drugs or devices by a certified nurse-midwife means the act of making a pharmaceutical agent or agents available to the patient in strict accordance with a standardized procedure or protocol. Use of the term "furnishing" in this section shall include the following:

(1) The ordering of a drug or device in accordance with the standardized procedure or protocol.

(2) Transmitting an order of a supervising physician and surgeon.

(e) "Drug order" or "order" for purposes of this section means an order for medication or for a drug or device that is dispensed to or for an ultimate user, issued by a certified nurse-midwife as an individual practitioner, within the meaning of Section 1306.03 of Title 21 of the Code of Federal Regulations. Notwithstanding any other provision of law, (1) a drug order issued pursuant to this section shall be treated in the same manner as a prescription of the supervising physician; (2) all references to "prescription" in this code and the Health and Safety Code shall include drug orders issued by certified nurse-midwives; and (3) the signature of a certified nurse-midwife on a drug order issued in accordance with this section shall be deemed to be the signature of a prescriber for purposes of this code and the Health and Safety Code.

CHAPTER 267

An act to amend Sections 21091 and 21165 of the Public Resources Code, relating to environmental quality.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 21091 of the Public Resources Code is amended to read:

21091. (a) The public review period for a draft environmental impact report may not be less than 30 days. If the draft environmental impact report is submitted to the State Clearinghouse for review, the review period shall be at least 45 days, and the lead agency shall provide a sufficient number of copies of the document to the State Clearinghouse for review and comment by state agencies.

(b) The public review period for a proposed negative declaration or proposed mitigated negative declaration may not be less than 20 days.

If the proposed negative declaration or proposed mitigated negative declaration is submitted to the State Clearinghouse for review, the review period shall be at least 30 days, and the lead agency shall provide a sufficient number of copies of the document to the State Clearinghouse for review and comment by state agencies.

(c) (1) Notwithstanding subdivisions (a) and (b), if a draft environmental impact report, proposed negative declaration, or proposed mitigated negative declaration is submitted to the State Clearinghouse for review and the period of review by the State Clearinghouse is longer than the public review period established pursuant to subdivision (a) or (b), whichever is applicable, the public review period shall be at least as long as the period of review and comment by state agencies as established by the State Clearinghouse.

(2) The public review period and the state agency review period may, but are not required to, begin and end at the same time. Day one of the state agency review period shall be the date that the State Clearinghouse distributes the document to state agencies.

(3) If the submittal of a CEQA document is determined by the State Clearinghouse to be complete, the State Clearinghouse shall distribute the document within three working days from the date of receipt. The State Clearinghouse shall specify the information that will be required in order to determine the completeness of the submittal of a CEQA document.

(d) (1) The lead agency shall consider comments it receives on a draft environmental impact report, proposed negative declaration, or proposed mitigated negative declaration if those comments are received within the public review period.

(2) (A) With respect to the consideration of comments received on a draft environmental impact report, the lead agency shall evaluate comments on environmental issues that are received from persons who have reviewed the draft and shall prepare a written response pursuant to subparagraph (B). The lead agency may also respond to comments that are received after the close of the public review period.

(B) The written response shall describe the disposition of each significant environmental issue that is raised by commenters. The responses shall be prepared consistent with Section 15088 of Title 14 of the California Code of Regulations, as those regulations existed on June 1, 1993.

(3) (A) With respect to the consideration of comments received on a draft environmental impact report, proposed negative declaration, proposed mitigated negative declaration, or notice pursuant to Section 21080.4, the lead agency shall accept comments via e-mail and shall treat e-mail comments as equivalent to written comments.

(B) Any law or regulation relating to written comments received on a draft environmental impact report, proposed negative declaration, proposed mitigated negative declaration, or notice received pursuant to Section 21080.4, shall also apply to e-mail comments received for those reasons.

(e) (1) Criteria for shorter review periods by the State Clearinghouse for documents that must be submitted to the State Clearinghouse shall be set forth in the written guidelines issued by the Office of Planning and Research and made available to the public.

(2) Those shortened review periods may not be less than 30 days for a draft environmental impact report and 20 days for a negative declaration.

(3) A request for a shortened review period shall only be made in writing by the decisionmaking body of the lead agency to the Office of Planning and Research. The decisionmaking body may designate by resolution or ordinance a person authorized to request a shortened review period. A designated person shall notify the decisionmaking body of this request.

(4) A request approved by the State Clearinghouse shall be consistent with the criteria set forth in the written guidelines of the Office of Planning and Research.

(5) A shortened review period may not be approved by the Office of Planning and Research for a proposed project of statewide, regional, or areawide environmental significance as determined pursuant to Section 21083.

(6) An approval of a shortened review period shall be given prior to, and reflected in, the public notice required pursuant to Section 21092.

(f) Prior to carrying out or approving a project for which a negative declaration has been adopted, the lead agency shall consider the negative declaration together with comments that were received and considered pursuant to paragraph (1) of subdivision (d).

SEC. 2. Section 21165 of the Public Resources Code is amended to read:

21165. (a) When a project is to be carried out or approved by two or more public agencies, the determination of whether the project may have a significant effect on the environment shall be made by the lead agency, and that agency shall prepare, or cause to be prepared by contract, the environmental impact report for the project, if a report is required by this division. In the event that a dispute arises as to which is the lead agency, any of the disputing public agencies, or in the case of a project described in subdivision (c) of Section 21065 the applicant for such project, may submit the question to the Office of Planning and Research, and the Office of Planning and Research shall designate, within 21 days

of receiving the request, the lead agency, giving due consideration to the capacity of that agency to adequately fulfill the requirements of this division.

(b) For the purposes of this section, a "dispute" means a contested, active difference of opinion between two or more public agencies as to which of those agencies shall prepare any necessary environmental document. A dispute exists where each of those agencies claims that it either has or does not have the obligation to prepare that environmental document. The Office of Planning and Research shall not designate a lead agency in the absence of such a dispute.

CHAPTER 268

An act to amend Section 11400 of, and to add Section 11462.02 to, the Welfare and Institutions Code, relating to foster care.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 11400 of the Welfare and Institutions Code, as amended by Section 6 of Chapter 664 of the Statutes of 2004, is amended to read:

11400. For the purposes of this article, the following definitions shall apply:

(a) "Aid to Families with Dependent Children-Foster Care (AFDC-FC)" means the aid provided on behalf of needy children in foster care under the terms of this division.

(b) "Case plan" means a written document that, at a minimum, specifies the type of home in which the child shall be placed, the safety of that home, and the appropriateness of that home to meet the child's needs. It shall also include the agency's plan for ensuring that the child receive proper care and protection in a safe environment, and shall set forth the appropriate services to be provided to the child, the child's family, and the foster parents, in order to meet the child's needs while in foster care, and to reunify the child with the child's family. In addition, the plan shall specify the services that will be provided or steps that will be taken to facilitate an alternate permanent plan if reunification is not possible.

(c) "Certified family home" means a family residence certified by a licensed foster family agency and issued a certificate of approval by that

agency as meeting licensing standards, and used only by that foster family agency for placements.

(d) "Family home" means the family residency of a licensee in which 24-hour care and supervision are provided for children.

(e) "Small family home" means any residential facility, in the licensee's family residence, which provides 24-hour care for six or fewer foster children who have mental disorders or developmental or physical disabilities and who require special care and supervision as a result of their disabilities.

(f) "Foster care" means the 24-hour out-of-home care provided to children whose own families are unable or unwilling to care for them, and who are in need of temporary or long-term substitute parenting.

(g) "Foster family agency" means any individual or organization engaged in the recruiting, certifying, and training of, and providing professional support to, foster parents, or in finding homes or other places for placement of children for temporary or permanent care who require that level of care as an alternative to a group home. Private foster family agencies shall be organized and operated on a nonprofit basis.

(h) "Group home" means a nondetention privately operated residential home, organized and operated on a nonprofit basis only, of any capacity, or a nondetention licensed residential home operated by the County of San Mateo with a capacity of up to 25 beds, that provides services in a group setting to children in need of care and supervision, as required by paragraph (1) of subdivision (a) of Section 1502 of the Health and Safety Code.

(i) "Periodic review" means review of a child's status by the juvenile court or by an administrative review panel, that shall include a consideration of the safety of the child, a determination of the continuing need for placement in foster care, evaluation of the goals for the placement and the progress toward meeting these goals, and development of a target date for the child's return home or establishment of alternative permanent placement.

(j) "Permanency planning hearing" means a hearing conducted by the juvenile court in which the child's future status, including whether the child shall be returned home or another permanent plan shall be developed, is determined.

(k) "Placement and care" refers to the responsibility for the welfare of a child vested in an agency or organization by virtue of the agency or organization having (1) been delegated care, custody, and control of a child by the juvenile court, (2) taken responsibility, pursuant to a relinquishment or termination of parental rights on a child, (3) taken the responsibility of supervising a child detained by the juvenile court pursuant to Section 319 or 636, or (4) signed a voluntary placement

agreement for the child's placement; or to the responsibility designated to an individual by virtue of his or her being appointed the child's legal guardian.

(*l*) "Preplacement preventive services" means services that are designed to help children remain with their families by preventing or eliminating the need for removal.

(m) "Relative" means an adult who is related to the child by blood, adoption, or affinity within the fifth degree of kinship, including stepparents, stepsiblings, and all relatives whose status is preceded by the words "great," "great-great," or "grand" or the spouse of any of these persons even if the marriage was terminated by death or dissolution.

(n) "Nonrelative extended family member" means an adult caregiver who has an established familial or mentoring relationship with the child, as described in Section 362.7.

(o) "Voluntary placement" means an out-of-home placement of a child by (1) the county welfare department after the parents or guardians have requested the assistance of the county welfare department and have signed a voluntary placement agreement; or (2) the county welfare department licensed public or private adoption agency, or the department acting as an adoption agency, after the parents have requested the assistance of either the county welfare department, the licensed public or private adoption agency, or the department acting as an adoption agency for the purpose of adoption planning, and have signed a voluntary placement agreement.

(p) "Voluntary placement agreement" means a written agreement between either the county welfare department, a licensed public or private adoption agency, or the department acting as an adoption agency, and the parents or guardians of a child that specifies, at a minimum, the following:

(1) The legal status of the child.

(2) The rights and obligations of the parents or guardians, the child, and the agency in which the child is placed.

(q) "Original placement date" means the most recent date on which the court detained a child and ordered an agency to be responsible for supervising the child or the date on which an agency assumed responsibility for a child due to termination of parental rights, relinquishment, or voluntary placement.

(r) "Transitional housing placement facility" means either of the following:

(1) A community care facility licensed by the State Department of Social Services pursuant to Section 1559.110 of the Health and Safety Code to provide transitional housing opportunities to persons at least 16 years of age, and not more than 18 years of age unless they satisfy the

requirements of Section 11403, who are in out-of-home placement under the supervision of the county department of social services or the county probation department, and who are participating in an independent living program.

(2) A facility certified to provide transitional housing services pursuant to subdivision (e) of Section 1559.110 of the Health and Safety Code.

(s) "Transitional housing placement program" means a program that provides supervised housing opportunities to eligible youth pursuant to Article 4 (commencing with Section 16522) of Chapter 5 of Part 4.

(t) "Crisis nursery" means a facility licensed to provide short-term, 24-hour nonmedical residential care and supervision for children under six years of age who are either voluntarily placed for temporary care by a parent or legal guardian due to a family crisis or stressful situation for no more than 30 days or, except as provided in subdivision (e) of Section 1516 of the Health and Safety Code, who are temporarily placed by a county child welfare service agency for no more than 14 days.

(u) 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 11400 of the Welfare and Institutions Code, as added by Section 7 of Chapter 664 of the Statutes of 2004, is amended to read:

11400. For the purposes of this article, the following definitions shall apply:

(a) "Aid to Families with Dependent Children-Foster Care (AFDC-FC)" means the aid provided on behalf of needy children in foster care under the terms of this division.

(b) "Case plan" means a written document that, at a minimum, specifies the type of home in which the child shall be placed, the safety of that home, and the appropriateness of that home to meet the child's needs. It shall also include the agency's plan for ensuring that the child receive proper care and protection in a safe environment, and shall set forth the appropriate services to be provided to the child, the child's family, and the foster parents, in order to meet the child's needs while in foster care, and to reunify the child with the child's family. In addition, the plan shall specify the services that will be provided or steps that will be taken to facilitate an alternate permanent plan if reunification is not possible.

(c) "Certified family home" means a family residence certified by a licensed foster family agency and issued a certificate of approval by that agency as meeting licensing standards, and used only by that foster family agency for placements.

(d) "Family home" means the family residency of a licensee in which 24-hour care and supervision are provided for children.

(e) "Small family home" means any residential facility, in the licensee's family residence, which provides 24-hour care for six or fewer foster children who have mental disorders or developmental or physical disabilities and who require special care and supervision as a result of their disabilities.

(f) "Foster care" means the 24-hour out-of-home care provided to children whose own families are unable or unwilling to care for them, and who are in need of temporary or long-term substitute parenting.

(g) "Foster family agency" means any individual or organization engaged in the recruiting, certifying, and training of, and providing professional support to, foster parents, or in finding homes or other places for placement of children for temporary or permanent care who require that level of care as an alternative to a group home. Private foster family agencies shall be organized and operated on a nonprofit basis.

(h) "Group home" means a nondetention privately operated residential home, organized and operated on a nonprofit basis only, of any capacity, or a nondetention licensed residential home operated by the County of San Mateo with a capacity of up to 25 beds, that provides services in a group setting to children in need of care and supervision, as required by paragraph (1) of subdivision (a) of Section 1502 of the Health and Safety Code.

(i) "Periodic review" means review of a child's status by the juvenile court or by an administrative review panel, that shall include a consideration of the safety of the child, a determination of the continuing need for placement in foster care, evaluation of the goals for the placement and the progress toward meeting these goals, and development of a target date for the child's return home or establishment of alternative permanent placement.

(j) "Permanency planning hearing" means a hearing conducted by the juvenile court in which the child's future status, including whether the child shall be returned home or another permanent plan shall be developed, is determined.

(k) "Placement and care" refers to the responsibility for the welfare of a child vested in an agency or organization by virtue of the agency or organization having (1) been delegated care, custody, and control of a child by the juvenile court, (2) taken responsibility, pursuant to a relinquishment or termination of parental rights on a child, (3) taken the responsibility of supervising a child detained by the juvenile court pursuant to Section 319 or 636, or (4) signed a voluntary placement agreement for the child's placement; or to the responsibility designated to an individual by virtue of his or her being appointed the child's legal guardian.

(*l*) "Preplacement preventive services" means services that are designed to help children remain with their families by preventing or eliminating the need for removal.

(m) "Relative" means an adult who is related to the child by blood, adoption, or affinity within the fifth degree of kinship, including stepparents, stepsiblings, and all relatives whose status is preceded by the words "great," "great-great," or "grand" or the spouse of any of these persons even if the marriage was terminated by death or dissolution.

(n) "Nonrelative extended family member" means an adult caregiver who has an established familial or mentoring relationship with the child, as described in Section 362.7.

(o) "Voluntary placement" means an out-of-home placement of a child by (1) the county welfare department after the parents or guardians have requested the assistance of the county welfare department and have signed a voluntary placement agreement; or (2) the county welfare department licensed public or private adoption agency, or the department acting as an adoption agency, after the parents have requested the assistance of either the county welfare department, the licensed public or private adoption agency, or the department acting as an adoption agency for the purpose of adoption planning, and have signed a voluntary placement agreement.

(p) "Voluntary placement agreement" means a written agreement between either the county welfare department, a licensed public or private adoption agency, or the department acting as an adoption agency, and the parents or guardians of a child that specifies, at a minimum, the following:

(1) The legal status of the child.

(2) The rights and obligations of the parents or guardians, the child, and the agency in which the child is placed.

(q) "Original placement date" means the most recent date on which the court detained a child and ordered an agency to be responsible for supervising the child or the date on which an agency assumed responsibility for a child due to termination of parental rights, relinquishment, or voluntary placement.

(r) "Transitional housing placement facility" means either of the following:

(1) A community care facility licensed by the State Department of Social Services pursuant to Section 1559.110 of the Health and Safety Code to provide transitional housing opportunities to persons at least 16 years of age, and not more than 18 years of age unless they satisfy the requirements of Section 11403, who are in out-of-home placement under the supervision of the county department of social services or the county

probation department, and who are participating in an independent living program.

(2) A facility certified to provide transitional housing services pursuant to subdivision (e) of Section 1559.110 of the Health and Safety Code.

(s) "Transitional housing placement program" means a program that provides supervised housing opportunities to eligible youth pursuant to Article 4 (commencing with Section 16522) of Chapter 5 of Part 4.

(t) This section shall become operative on January 1, 2008.

SEC. 3. Section 11462.02 is added to the Welfare and Institutions Code, to read:

11462.02. Notwithstanding paragraph (2) of subdivision (a) of Section 11462, a foster care provider licensed as a group home may also have a rate established if the group home is operated by the County of San Mateo, as provided by subdivision (h) of Section 11400.

SEC. 4. No appropriation pursuant to Section 15200 of the Welfare and Institutions Code shall be made for the purpose of funding this act.

CHAPTER 269

An act to add Article 4.5 (commencing with Section 66040) to Chapter 2 of Part 40 of the Education Code, relating to public postsecondary education.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Article 4.5 (commencing with Section 66040) is added to Chapter 2 of Part 40 of the Education Code, to read:

Article 4.5. Doctoral Programs in Education

66040. The Legislature finds and declares both of the following:

(a) Since its adoption in 1960, the Master Plan for Higher Education has served the state exceedingly well, allowing California to create the largest and most distinguished higher education system in the nation. A key component of the Master Plan is the differentiation of mission and function, whereby doctoral and identified professional programs are limited to the University of California, with the provision that the California State University can provide doctoral education in joint doctoral degree programs with the University of California and

independent California colleges and universities. This differentiation of function has allowed California to provide universal access to postsecondary education while preserving quality.

(b) Because of the urgent need for well-prepared administrators to lead public school and community college reform efforts, the State of California is hereby making an exception to the differentiation of function in graduate education that assigns sole authority among the California public higher education segments to the University of California for awarding doctoral degrees independently. This exception to the Master Plan for Higher Education recognizes the urgency of meeting critical public school and community college leadership needs and the distinctive strengths and respective missions of the California State University and the University of California.

66040.3. (a) Pursuant to Section 66040, and notwithstanding Section 66010.4, in order to meet specific educational leadership needs in the California public schools and community colleges, the California State University is authorized to award the Doctor of Education (Ed.D.) degree as defined in this section. The authority to award degrees granted by this article is limited to the discipline of education. The Doctor of Education degree offered by the California State University shall be distinguished from doctoral degree programs at the University of California.

(b) The Doctor of Education degree offered by the California State University shall be focused on preparing administrative leaders for California public elementary and secondary schools and community colleges and on the knowledge and skills needed by administrators to be effective leaders in California public schools and community colleges. The Doctor of Education degree offered by the California State University shall be offered through partnerships through which the California public elementary and secondary schools and community colleges shall participate substantively in program design, candidate recruitment and admissions, teaching, and program assessment and evaluation. This degree shall enable professionals to earn the degree while working full time.

(c) Nothing in this article shall be construed to limit or preclude the California Postsecondary Education Commission from exercising its authority under Chapter 11 (commencing with Section 66900) to review, evaluate, and make recommendations relating to, any and all programs established under this article.

66040.5. With regard to funding the degree programs authorized in Section 66040.3, the California State University shall follow all of the following requirements:

(a) Funding on a per full-time equivalent student (FTES) basis for each new student in these degree programs shall be funded from within

the California State University's enrollment growth levels as agreed to in the annual Budget Act. Enrollments in these programs shall not alter the California State University's ratio of graduate instruction to total enrollment, and shall not come at the expense of enrollment growth in university undergraduate programs. Funding provided from the state for each FTES shall be at the agreed-upon marginal cost calculation that the California State University receives.

(b) Each student in the programs authorized by this article shall be charged fees no higher than the rate charged for students in state-supported doctoral degree programs in education at the University of California, including joint Ed.D. programs of the California State University and the University of California.

(c) The California State University shall provide any startup funding needed for the programs authorized by this article from within existing budgets for academic programs support, without diminishing the quality of program support offered to California State University undergraduate programs. Funding of these programs shall not result in reduced undergraduate enrollments at the California State University.

66040.7. The California State University, the Department of Finance, and the Legislative Analyst's Office shall jointly conduct a statewide evaluation of the new programs implemented under this article. The results of the evaluation shall be reported, in writing, to the Legislature and Governor on or before January 1, 2011. The evaluation required by this section shall consider all of the following:

(a) The number of new doctoral programs in education implemented, including information identifying the number of new programs, applicants, admissions, enrollments, degree recipients, time-to-degree, attrition, and public school and community college program partners.

(b) The extent to which the programs established under this article are fulfilling identified state needs for training in educational leadership, including statewide supply and demand data that considers capacity at the University of California and in California's independent colleges and universities.

(c) Information on the place of employment of students and the subsequent job placement of graduates.

(d) Any available evidence on the effects that the graduates of the programs are having on elementary and secondary school and community college reform efforts and on student achievement.

(e) Program costs and the fund sources that were used to finance these programs, including a calculation of cost per degree awarded.

(f) The costs of the programs to students, the amount of financial aid offered, and student debt levels of graduates of the programs.

(g) The extent to which the programs established under this article are in compliance with the requirements of this article.

CHAPTER 270

An act to amend Section 44015 of the Health and Safety Code, to amend Section 5103 of the Public Contract Code, to amend Sections 5090.02, 5090.09, and 5090.35 of the Public Resources Code, to amend Section 21706 of the Public Utilities Code, to amend Section 140.3 of the Streets and Highways Code, and to amend Sections 285, 2250, 4601, and 24602 of the Vehicle Code, relating to state and local government.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 44015 of the Health and Safety Code is amended to read:

44015. (a) A licensed smog check station shall not issue a certificate of compliance, except as authorized by this chapter, to any vehicle that meets the following criteria:

(1) A vehicle that has been tampered with.

(2) A vehicle that, prior to repairs, has been initially identified by the smog check station as a gross polluter. Certification of a gross polluting vehicle shall be conducted by a designated test-only facility, or a test-and-repair station that is both licensed and certified pursuant to Sections 44014 and 44014.2.

(3) A vehicle described in subdivision (c).

(b) If a vehicle meets the requirements of Section 44012, a smog check station licensed to issue certificates shall issue a certificate of compliance or a certificate of noncompliance.

(c) (1) A repair cost waiver shall be issued, upon request of the vehicle owner, by an entity authorized to perform referee functions for a vehicle that has been properly tested but does not meet the applicable emission standards when it is determined that no adjustment or repair can be made that will reduce emissions from the inspected motor vehicle without exceeding the applicable repair cost limit established under Section 44017 and that every defect specified by paragraph (2) of subdivision (a) of Section 43204, and by paragraphs (2) and (3) of subdivision (a) of Section 43205, has been corrected. A repair cost waiver issued pursuant to this paragraph shall be accepted in lieu of a certificate of

compliance for the purposes of compliance with Section 4000.3 of the Vehicle Code. No repair cost waiver shall exceed two years' duration. No repair cost waiver shall be issued until the vehicle owner has expended an amount equal to the applicable repair cost limit specified in Section 44017.

(2) An economic hardship extension shall be issued, upon request of a qualified low-income motor vehicle owner, by an entity authorized to perform referee functions, for a motor vehicle that has been properly tested but does not meet the applicable emission standards when it is determined that no adjustment or repair can be made that will reduce emissions from the inspected motor vehicle without exceeding the applicable repair cost limit, as established pursuant to Section 44017.1, that every defect specified in paragraph (2) of subdivision (a) of Section 43204, and in paragraphs (2) and (3) of subdivision (a) of Section 43205, has been corrected, that the low-income vehicle owner would suffer an economic hardship if the extension is not issued, and that all appropriate emissions-related repairs up to the amount of the applicable repair cost limit in Section 44017.1 have been performed.

(d) No repair cost waiver or economic hardship extension shall be issued under any of the following circumstances:

(1) If a motor vehicle was issued a repair cost waiver or economic hardship extension in the previous biennial inspection of that vehicle. A repair cost waiver or economic hardship extension may be issued to a motor vehicle owner only once for a particular motor vehicle belonging to that owner. However, a repair cost waiver or economic hardship extension may be issued for a motor vehicle that participated in a previous waiver or extension program prior to January 1, 1998, as determined by the department. For waivers or extensions issued in the program operative on or after January 1, 1998, a waiver or extension may be issued for a motor vehicle only once per owner.

(2) Upon initial registration of all of the following:

(A) A direct import motor vehicle.

(B) A motor vehicle previously registered outside this state.

(C) A dismantled motor vehicle pursuant to Section 11519 of the Vehicle Code.

(D) A motor vehicle that has had an engine change.

(E) An alternate fuel vehicle.

(F) A specially constructed vehicle.

(e) Except as provided in subdivision (f), a certificate of compliance or noncompliance shall be valid for 90 days.

(f) Excluding any vehicle whose transfer of ownership and registration is described in subdivision (d) of Section 4000.1 of the Vehicle Code, and except as otherwise provided in Sections 4000.1, 24007, 24007.5,

and 24007.6 of the Vehicle Code, a licensed motor vehicle dealer shall be responsible for having a smog check inspection performed on, and a certificate of compliance or noncompliance issued for, every motor vehicle offered for retail sale. A certificate issued to a licensed motor vehicle dealer shall be valid for a two-year period, or until the vehicle is sold and registered to a retail buyer, whichever occurs first.

(g) A test may be made at any time within 90 days prior to the date otherwise required.

SEC. 2. Section 5103 of the Public Contract Code is amended to read:

5103. The bidder shall establish to the satisfaction of the court that:

(a) A mistake was made.

(b) He or she gave the public entity written notice within five working days, excluding Saturdays, Sundays, and state holidays, after the opening of the bids of the mistake, specifying in the notice in detail how the mistake occurred.

(c) The mistake made the bid materially different than he or she intended it to be.

(d) The mistake was made in filling out the bid and not due to error in judgment or to carelessness in inspecting the site of the work, or in reading the plans or specifications.

SEC. 3. Section 5090.02 of the Public Resources Code is amended to read:

5090.02. (a) The Legislature finds that off-highway motor vehicles are enjoying an ever-increasing popularity in California and that the indiscriminate and uncontrolled use of those vehicles may have a deleterious impact on the environment, wildlife habitats, native wildlife, and native flora.

(b) The Legislature hereby declares that effectively managed areas and adequate facilities for the use of off-highway vehicles and conservation and enforcement are essential for ecologically balanced recreation.

(c) Accordingly, it is the intent of the Legislature that:

(1) Existing off-highway motor vehicle recreational areas, facilities, and opportunities be expanded and be managed in a manner consistent with this chapter, in particular to maintain sustained long-term use.

(2) New off-highway motor vehicle recreational areas, facilities, and opportunities be provided and managed pursuant to this chapter in a manner that will sustain long-term use.

(3) When areas or trails or portions thereof cannot be maintained to appropriate established standards for sustained long-term use, they shall be closed to use and repaired, to prevent accelerated erosion. Those areas

shall remain closed until they can be managed within the soil conservation standard or shall be closed and restored.

(4) Prompt and effective implementation of the Off-Highway Motor Vehicle Recreation Program by the Division of Off-Highway Motor Vehicle Recreation shall have an equal priority among other programs in the department.

(5) Off-highway motor vehicle recreation be managed in accordance with this chapter through financial assistance to local government and joint undertakings with agencies of the United States.

SEC. 4. Section 5090.09 of the Public Resources Code is amended to read:

5090.09. "System" means the state vehicular recreation areas, the California Statewide Motorized Trail, areas and trails within the state park system, and areas supported by the grant program.

SEC. 5. Section 5090.35 of the Public Resources Code is amended to read:

5090.35. (a) The protection of public safety, the appropriate utilization of lands, and the conservation of land resources are of the highest priority in the management of the state vehicular recreation areas; and, accordingly, the division shall promptly repair and continuously maintain areas and trails, anticipate and prevent accelerated and unnatural erosion, and restore lands damaged by erosion to the extent possible.

(b) (1) The division, in consultation with the United States Natural Resource Conservation Service, the United States Geological Survey, the United States Forest Service, the United States Bureau of Land Management, and the California Department of Conservation shall update the 1991 Soil Conservation Guidelines and Standards to establish a generic and measurable soil conservation standard by March 1, 2006, at least sufficient to allow restoration of off-highway motor vehicle areas and trails. The 1991 Soil Conservation Guidelines and Standards shall remain in effect until they are updated pursuant to this subdivision.

(2) Upon a determination that the soil conservation standards and habitat protection plans are not being met in any portion of any state vehicular recreation area the division shall temporarily close the noncompliant portion to repair and prevent accelerated erosion, until the soil conservation standards are met.

(3) Upon a determination that the soil conservation standards cannot be met in any portion of any state vehicular recreation area the division shall close and restore the noncompliant portion pursuant to Section 5090.11.

(c) (1) The division shall make an inventory of wildlife populations and their habitats in each state vehicular recreation area and shall prepare a wildlife habitat protection program to sustain a viable species

composition specific to each state vehicular recreation area by July 1, 1989.

(2) If the division determines that the habitat protection program is not being met in any portion of any state vehicular recreation area, the division shall close the noncompliant portion temporarily until the habitat protection program is met.

(3) If the division determines that the habitat protection program cannot be met in any portion of any state vehicular recreation area, the division shall close and restore that noncompliant portion pursuant to Section 5090.11.

(d) The division shall monitor the condition of soils and wildlife habitat in each state vehicular recreation area each year in order to determine whether the soil conservation standards and habitat protection programs are being met.

(e) The division shall not fund trail construction unless the trail is capable of complying with the conservation specifications prescribed in subdivisions (b) and (c). The division shall not fund trail construction where conservation is not feasible.

(f) The division shall monitor and protect cultural and archaeological resources within the state vehicular recreation areas.

SEC. 6. Section 21706 of the Public Utilities Code is amended to read:

21706. The division shall require that every project submitted for funding from the Aeronautics Account in the State Transportation Fund shall be consistent with the California Aviation System Plan. Applications for funding shall be processed in accordance with the procedures adopted by the commission. In determining the priorities of projects, the division shall, and the transportation planning agencies may, utilize the methodology adopted by the commission for determining the priorities of projects that the commission selects for allocation pursuant to Sections 21683 and 21683.2 and the procedures adopted by the commission.

SEC. 7. Section 140.3 of the Streets and Highways Code is amended to read:

140.3. (a) For the purposes of this section, the following terms have the following meanings:

(1) (A) "Mobile equipment" means devices owned by the department by which any person or property may be propelled, moved, or drawn on or off highway and that are used for employee transportation or material movement, or for construction or maintenance work relating to transportation, including, but not limited to, passenger vehicles, heavy duty trucks, boats, trailers, motorized construction equipment, and "slip-in" accessories or attachments that are used by more than one functional unit.

(B) "Mobile equipment" does not include any of the following:

(i) Office equipment, computers, and any other stationary, nonmovable, and integral part of a transportation facility.

(ii) Passenger vehicles used to transport the public.

(iii) Aircraft or related aeronautics equipment.

(iv) Rolling stock used for intercity rail operations.

(2) "Mobile equipment services" includes, but is not limited to, all of the following:

(A) Use of mobile equipment and services, including, but not limited to, the purchase of new vehicles.

(B) Receiving, servicing, and equipping new mobile equipment units.

(C) Assembling components into completed mobile equipment units.

(D) Managing mobile equipment and services, including, but not limited to, payment for fuel and insurance.

(E) Repairing, rehabilitating, and maintaining mobile equipment.

(F) Disposing of used vehicles.

(3) "Mobile equipment services cost recovery" means revenues from assessments charged to the department's divisions and programs for mobile equipment services, or revenues from charges for equipment services provided to local transportation authorities, including, but not limited to, cost recovery for all of the following:

(A) Salaries and wages.

(B) Facility and inventory improvements.

(C) Capital outlay support projects.

(D) Overhead, depreciation, and operating expenses.

(b) The department, with the approval of the Department of Finance, shall set rates for mobile equipment services. The department shall review its rates on an annual basis and, upon approval by the Department of Finance, shall publish a rate schedule on or before April 30 of each year. The department shall collect mobile equipment services cost recovery.

(c) The Equipment Service Fund is hereby created in the State Treasury. Notwithstanding Section 13340, all money in the fund is continuously appropriated to the department to pay for mobile equipment services.

(d) The net proceeds from mobile equipment services cost recovery shall be deposited in the fund. In addition, any moneys appropriated to the department under the annual Budget Act, or under any other act, for the use of existing mobile equipment or for the purchase of that equipment, and any moneys transferred to the department from any account within the State Transportation Fund for those purposes, may be deposited in the fund.

(e) If the balance remaining in the fund at the end of any fiscal year exceeds the amount allowable for billed central services under the Federal

Office of Management and Budget Circular A–87 or superceding circular, as determined by the department and the Department of Finance, the balance shall be treated consistent with the requirements of the Federal Office of Management and Budget Circular A-87 or superseding circular.

SEC. 8. Section 285 of the Vehicle Code, as amended by Section 1 of Chapter 836 of the Statutes of 2004, is amended to read:

285. "Dealer" is a person not otherwise expressly excluded by Section 286 who:

(a) For commission, money, or other thing of value, sells, exchanges, buys, or offers for sale, negotiates or attempts to negotiate, a sale or exchange of an interest in, a vehicle subject to registration, a motorcycle, snowmobile, or all-terrain vehicle subject to identification under this code, or a trailer subject to identification pursuant to Section 5014.1, or induces or attempts to induce any person to buy or exchange an interest in a vehicle and, who receives or expects to receive a commission, money, brokerage fees, profit, or any other thing of value, from either the seller or purchaser of the vehicle.

(b) Is engaged wholly or in part in the business of selling vehicles or buying or taking in trade, vehicles for the purpose of resale, selling, or offering for sale, or consigned to be sold, or otherwise dealing in vehicles, whether or not the vehicles are owned by the person.

SEC. 9. Section 2250 of the Vehicle Code is amended to read:

2250. The California Highway Patrol in the Department of the California Highway Patrol consists of the following members: the commissioner, the deputy commissioner, assistant commissioners, chiefs, assistant chiefs, captains, lieutenants, sergeants, and officers.

SEC. 10. Section 4601 of the Vehicle Code is amended to read:

4601. (a) Except as otherwise provided in this code, every vehicle registration and registration card expires at midnight on the expiration date designated by the director pursuant to Section 1651.5, and shall be renewed prior to the expiration of the registration year. The department may, upon payment of the proper fees, renew the registration of vehicles.

(b) Notwithstanding any other provision of law, renewal of registration for any vehicle that is either currently registered or for which a certification pursuant to Section 4604 has been filed may be obtained not more than 75 days prior to the expiration of the current registration or certification.

SEC. 11. Section 24602 of the Vehicle Code is amended to read:

24602. (a) A vehicle may be equipped with not more than two red fog taillamps mounted on the rear which may be lighted, in addition to the required taillamps, only when atmospheric conditions, such as fog, rain, snow, smoke, or dust, reduce the daytime or nighttime visibility of other vehicles to less than 500 feet.

(b) The lamps authorized under subdivision (a) shall be installed as follows:

(1) When two lamps are installed, one shall be mounted at the left side and one at the right side at the same level and as close as practical to the sides. When one lamp is installed, it shall be mounted as close as practical to the left side or on the center of the vehicle.

(2) The lamps shall be mounted not lower than 12 inches nor higher than 60 inches.

(3) The edge of the lens of the lamp shall be no closer than four inches from the edge of the lens of any stoplamp.

(4) The lamps shall be wired so they can be turned on only when the headlamps are on and shall have a switch that allows them to be turned off when the headlamps are on.

(5) A nonflashing amber pilot light that is lighted when the lamps are turned on shall be mounted in a location readily visible to the driver.

CHAPTER 271

An act to add Section 601.2 to the San Gabriel Basin Water Quality Authority Act (Chapter 776 of the Statutes of 1992), relating to water, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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 State of California has established the cleanup of the San Gabriel Basin as a matter of significant regional and statewide water supply and water quality importance, as reflected in the establishment and mission of the San Gabriel Basin Water Quality Authority, as provided in Chapter 776 of the Statutes of 1992, as amended.

(b) It is a matter of statewide priority that the San Gabriel Basin Water Quality Authority secure the maximum amount of available funds from the San Gabriel Basin Restoration Fund established by Public Law 106-554.

(c) The State of California may consider, to the extent of available resources and subject to the conditions and requirements of relevant bond and grant programs, participating as a funding partner for the

purpose of meeting the nonfederal matching funds requirements set forth in Public Law 106-554.

SEC. 2. Section 601.2 is added to the San Gabriel Basin Water Quality Authority Act (Chapter 776 of the Statutes of 1992), to read:

Sec. 601.2. The authority may receive state funds in connection with a project undertaken in accordance with this act for the purpose of meeting the nonfederal matching fund requirement set forth in Section 110 of Public Law 106-554.

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 facilitate the cleanup of groundwater in the San Gabriel Basin as soon as possible, thereby protecting public health and safety, it is necessary that this act take effect immediately.

CHAPTER 272

An act to amend Sections 6611, 12125, 12126, and 12129 of, to amend and repeal Section 12128 of, and to repeal Section 12130 of, the Public Contract Code, relating to public contracts.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 6611 of the Public Contract Code is amended to read:

6611. (a) Notwithstanding any other provision of law, the Department of General Services may, relative to contracts for goods, services, information technology, and telecommunications, use a negotiation process if the department finds that one or more of the following conditions exist:

(1) The business need or purpose of a procurement or contract can be further defined as a result of a negotiation process.

(2) The business need or purpose of a procurement or contract is known by the department, but a negotiation process may identify different types of solutions to fulfill this business need or purpose.

(3) The complexity of the purpose or need suggests a bidder's costs to prepare and develop a solicitation response are extremely high.

(4) The business need or purpose of a procurement or contract is known by the department, but negotiation is necessary to ensure that the department is receiving the best value or the most cost-efficient goods, services, information technology, and telecommunications.

(b) When it is in the best interests of the state, the department may negotiate amendments to the terms and conditions, including scope of work, of existing contracts for goods, services, information technology, and telecommunications, whether or not the original contract was the result of competition, on behalf of itself or another state agency.

(c) (1) The department shall establish the procedures and guidelines for the negotiation process described in subdivision (a), which procedures and guidelines shall include, but not be limited to, a clear description of the methodology that will be used by the department to evaluate a bid for the procurement goods, services, information technology, and telecommunications.

(2) The procedures and guidelines described in paragraph (1) may include provisions that authorize the department to receive supplemental bids after the initial bids are opened. If the procedures and guidelines include these provisions, the procedures and guidelines shall specify the conditions under which supplemental bids may be received by the department.

(d) An unsuccessful bidder shall have no right to protest the results of the negotiating process undertaken pursuant to this section. As a remedy, an unsuccessful bidder may file a petition for a writ of mandate in accordance with Section 1085 of the Code of Civil Procedure. The venue for the petition for a writ of mandate shall be Sacramento, California. An action filed pursuant to this subdivision shall be given preference by the court.

SEC. 2. Section 12125 of the Public Contract Code is amended to read:

12125. There is hereby established the Alternative Protest Process to be administered by the Department of General Services.

SEC. 3. Section 12126 of the Public Contract Code is amended to read:

12126. (a) Notwithstanding any other provision of law, any department or agency may use the solicitation and alternative protest procedures outlined in this chapter for solicitations authorized under Chapter 2 (commencing with Section 10290) or Chapter 3 (commencing with Section 12100). The Department of General Services shall develop procedures and guidelines for the implementation of this alternative protest process.

(b) To be eligible for this alternative protest process, the contracting department shall agree to participate in the Alternative Protest Process

and the Department of General Services shall indicate that the proposed solicitation shall be conducted as part of the Alternative Protest Process prior to release of the solicitation. Submission of a bid constitutes consent for participation in the Alternative Protest Process. Any protests filed in relation to the proposed contract award shall be conducted under the procedures set forth by the Department of General Services for the Alternative Protest Process.

(c) Notwithstanding any other provision of law to the contrary, any bid protest conducted under this chapter shall include one or more of the following alternative procedures:

(1) The Alternative Protest Process shall not prevent the commencement of work in accordance with the terms of any other contract awarded pursuant to this chapter. A contract may be entered into pending a final decision on the protest.

(2) The Department of General Services shall review the protest within seven days of the filing date to determine if the protest is frivolous. If determined to be frivolous, the protest shall not proceed under this chapter until the bidder posts a protest bond in an amount not less than 10 percent of the estimated contract value, as determined by the Department of General Services in the solicitation.

(3) The Director of General Services shall issue a decision within a period not to exceed 45 days from the date the protest is filed.

(4) Arbitration, as defined and established by the Department of General Services, shall be the resolution tool.

(d) Authority to protest under this chapter shall be limited to participating bidders.

(1) Grounds for major information technology acquisition protests shall be limited to violations of the solicitation procedures and that the protestant should have been selected.

(2) Any other acquisition protest filed pursuant to this chapter shall be based on the ground that the bid or proposal should have been selected in accordance with selection criteria in the solicitation document.

SEC. 4. Section 12128 of the Public Contract Code is amended to read:

12128. (a) The Alternative Protest Process shall continue until December 31, 2011. The Department of General Services shall apply this chapter to the following categories:

(1) Information technology and ancillary services.

(2) Material, supplies, equipment, and ancillary services.

(b) This chapter shall be operative until December 31, 2011, and as of that date is repealed, unless a later enacted statute that is enacted before December 31, 2012, deletes or extends that date.

SEC. 5. Section 12129 of the Public Contract Code is amended to read:

12129. The Department of General Services shall electronically submit a report and recommendations to the Legislature regarding the Alternative Protest Process on or before January 1, 2007, and on or before January 1, 2010. The report shall include the following:

(a) The percentage of bids with values under five hundred thousand dollars ($500,000), under one million dollars ($1,000,000), and over one million dollars ($1,000,000) or more that were not subject to the Alternative Protest Process that were protested.

(b) The percentage of bids with values under five hundred thousand dollars ($500,000), under one million dollars ($1,000,000), and over one million dollars ($1,000,000) that were subject to the Alternative Protest Process that were protested.

(c) The number of protests determined to be frivolous by the Department of General Services, subject to this chapter, with corresponding data for solicitations issued pursuant to existing procedures.

(d) The percentage of contracts awarded under the Alternative Protest Process that were subsequently challenged in a court of law with corresponding data for solicitations issued pursuant to existing procedures.

(e) The length of time to resolve protests pursuant to this chapter and the corresponding data for solicitations issued pursuant to existing procedures.

SEC. 6. Section 12130 of the Public Contract Code is repealed.

CHAPTER 273

An act to amend Section 6233 of, and add Section 6126.3 to, the Business and Professions Code, relating to attorneys.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 6126.3 is added to the Business and Professions Code, to read:

6126.3. (a) In addition to any criminal penalties pursuant to Section 6126 or to any contempt proceedings pursuant to Section 6127, the courts of the state shall have the jurisdiction provided in this section when a

person advertises or holds himself or herself out as practicing or entitled to practice law, or otherwise practices law, without being 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.

(b) The State Bar, or the superior court on its own motion, may make application to the superior court for the county where the person described in subdivision (a) maintains or more recently has maintained his or her principal office for the practice of law or where he or she resides, for assumption by the court of jurisdiction over the practice to the extent provided in this section. In any proceeding under this section, the State Bar shall be permitted to intervene and to assume primary responsibility for conducting the action.

(c) An application made pursuant to subdivision (b) shall be verified, and shall state facts showing all of the following:

(1) Probable cause to believe that the facts set forth in subdivision (a) of Section 6126 have occurred.

(2) The interest of the applicant.

(3) Probable cause to believe that the interests of a client or of an interested person or entity will be prejudiced if the proceeding is not maintained.

(d) The application shall be set for hearing, and an order to show cause shall be issued directing the person to show cause why the court should not assume jurisdiction over the practice as provided in this section. A copy of the application and order to show cause shall be served upon the person by personal delivery or, as an alternate method of service, by certified or registered mail, return receipt requested, addressed to the person either at the address at which he or she maintains, or more recently has maintained, his or her principal office or at the address where he or she resides. Service is complete at the time of mailing, but any prescribed period of notice and any right or duty to do any act or make any response within that prescribed period or on a date certain after notice is served by mail shall be extended 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 State Bar is not the applicant, copies shall also be served upon the Office of the Chief Trial Counsel of the State Bar in similar manner at the time of service on the person who is the subject of the application. The court may prescribe additional or alternative methods of service of the application and order to show cause, and may prescribe methods of notifying and serving notices and process upon other persons and entities in cases not specifically provided herein.

(e) If the court finds that the facts set forth in subdivision (a) of Section 6126 have occurred and that the interests of a client or an interested person or entity will be prejudiced if the proceeding provided herein is not maintained, the court may make an order assuming jurisdiction over the person's practice pursuant to this section. If the person to whom the order to show cause is directed does not appear, the court may make its order upon the verified application or upon such proof as it may require. Thereupon, the court shall appoint one or more active members of the State Bar to act under its direction to mail a notice of cessation of practice, pursuant to subdivision (g), and may order those appointed attorneys to do one or more of the following:

(1) Examine the files and records of the practice and obtain information as to any pending matters that may require attention.

(2) Notify persons and entities who appear to be clients of the person of the occurrence of the event or events stated in subdivision (a) of Section 6126, and inform them that it may be in their best interest to obtain other legal counsel.

(3) Apply for an extension of time pending employment of legal counsel by the client.

(4) With the consent of the client, file notices, motions, and pleadings on behalf of the client where jurisdictional time limits are involved and other legal counsel has not yet been obtained.

(5) Give notice to the depositor and appropriate persons and entities who may be affected, other than clients, of the occurrence of the event or events.

(6) Arrange for the surrender or delivery of clients' papers or property.

(7) Arrange for the appointment of a receiver, where applicable, to take possession and control of any and all bank accounts relating to the affected person's practice.

(8) Do any other acts that the court may direct to carry out the purposes of this section.

The court shall have jurisdiction over the files and records and over the practice of the affected person for the limited purposes of this section, and may make all orders necessary or appropriate to exercise this jurisdiction. The court shall provide a copy of any order issued pursuant to this section to the Office of the Chief Trial Counsel of the State Bar.

(f) Anyone examining the files and records of the practice of the person described in subdivision (a) shall observe any lawyer-client privilege under Sections 950 and 952 of the Evidence Code and shall make disclosure only to the extent necessary to carry out the purposes of this section. That disclosure shall be a disclosure that is reasonably necessary for the accomplishment of the purpose for which the person described in subdivision (a) was consulted. The appointment of a member

of the State Bar pursuant to this section shall not affect the lawyer-client privilege, which privilege shall apply to communications by or to the appointed members to the same extent as it would have applied to communications by or to the person described in subdivision (a).

(g) The notice of cessation of law practice shall contain any information that may be required by the court, including, but not limited to, the finding by the court that the facts set forth in subdivision (a) of Section 6126 have occurred and that the court has assumed jurisdiction of the practice. The notice shall be mailed to all clients, to opposing counsel, to courts and agencies in which the person has pending matters with an identification of the matter, to the Office of the Chief Trial Counsel of the State Bar, and to any other person or entity having reason to be informed of the court's assumption of the practice.

(h) Nothing in this section shall authorize the court or an attorney appointed by it pursuant to this section to approve or disapprove of the employment of legal counsel, to fix terms of legal employment, or to supervise or in any way undertake the conduct of the practice, except to the limited extent provided by paragraphs (3) and (4) of subdivision (e).

(i) Unless court approval is first obtained, neither the attorney appointed pursuant to this section, nor his or her corporation, nor any partner or associates of the attorney shall accept employment as an attorney by any client of the affected person on any matter pending at the time of the appointment. Action taken pursuant to paragraphs (3) and (4) of subdivision (e) shall not be deemed employment for purposes of this subdivision.

(j) Upon a finding by the court that it is more likely than not that the application will be granted and that delay in making the orders described in subdivision (e) will result in substantial injury to clients or to others, the court, without notice or upon notice as it shall prescribe, may make interim orders containing any provisions that the court deems appropriate under the circumstances. Such an interim order shall be served in the manner provided in subdivision (d) and, if the application and order to show cause have not yet been served, the application and order to show cause shall be served at the time of serving the interim order.

(k) No person or entity shall incur any liability by reason of the institution or maintenance of a proceeding brought under this section. No person or entity shall incur any liability for an act done or omitted to be done pursuant to order of the court under this section. No person or entity shall be liable for failure to apply for court jurisdiction under this section. Nothing in this section shall affect any obligation otherwise existing between the affected person and any other person or entity.

(*l*) An order pursuant to this section is not appealable and shall not be stayed by petition for a writ, except as ordered by the superior court or by the appellate court.

(m) A member of the State Bar appointed pursuant to this section shall serve without compensation. However, the member may be paid reasonable compensation by the State Bar in cases where the State Bar has determined that the member has devoted extraordinary time and services that were necessary to the performance of the member's duties under this article. All payments of compensation for time and services shall be at the discretion of the State Bar. Any member shall be entitled to reimbursement from the State Bar for necessary expenses incurred in the performance of the member's duties under this article. Upon court approval of expenses or compensation for time and services, the State Bar shall be entitled to reimbursement therefor from the person described in subdivision (a) or his or her estate.

SEC. 2. Section 6233 of the Business and Professions Code is amended to read:

6233. An attorney entering the diversion and assistance program pursuant to subdivision (b) of Section 6232 may be enrolled as an inactive member of the State Bar and not be entitled to practice law, or may be required to agree to various practice restrictions, including, where appropriate, restrictions on scope of practice and monetary accounting procedures. Upon the successful completion of the program, attorney participants who were placed on inactive status by the State Bar Court as a condition of program participation and who have complied with any and all conditions of probation may receive credit for the period of inactive enrollment towards any period of actual suspension imposed by the Supreme Court, and shall be eligible for reinstatement to active status and a dismissal of the underlying allegations or a reduction in the recommended discipline. Those attorneys who participated in the program with practice restrictions shall be eligible to have those restrictions removed and to a dismissal of the underlying allegations or a reduction in the recommended discipline.

CHAPTER 274

An act to add Section 11126.4 to the Government Code, relating to open meetings.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 11126.4 is added to the Government Code, to read:

11126.4. (a) Nothing in this article shall be construed to prevent the California Gambling Control Commission from holding a closed session when discussing matters involving trade secrets, nonpublic financial data, confidential or proprietary information, and other data and information, the public disclosure of which is prohibited by law or a tribal-state gaming compact.

(b) Discussion in closed session authorized by this section shall be limited to the confidential data and information related to the agendized item and shall not include discussion of any other information or matter.

(c) Before going into closed session the commission shall publicly announce the type of data or information to be discussed in closed session, which shall be recorded upon the commission minutes.

(d) Action taken on agenda items discussed pursuant to this section shall be taken in open session.

SEC. 2. The Legislature finds and declares that Section 1 of this act imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

In order for the California Gambling Control Commission to meet its obligation, as imposed by the Tribal-State Gaming Compacts, to maintain the confidentiality of tribal information, it is necessary that the commission meet in closed session.

SEC. 3. The provisions of this act shall remain in effect after December 31, 2010, unless the Legislature acts to repeal these provisions.

CHAPTER 275

An act to amend Section 41027 of, and to repeal and add Section 41026 of, the Water Code, relating to water.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 41026 of the Water Code is repealed.

SEC. 2. Section 41026 is added to the Water Code, to read:

41026. (a) The board shall have a preliminary election roll prepared pursuant to subdivision (b) by a registered civil engineer. The engineer shall prepare the preliminary election roll by division unless all district elections are at large.

(b) The preliminary election roll shall include each parcel of land listed on the most recent county assessment roll, any federal and state land, and any other unvalued lands within the district. For each parcel, the preliminary election roll shall list the name of the holder of title to land and the area of that parcel. The preliminary election roll shall assign each voter one of the following:

(1) One vote for each acre of land owned by that voter within the district. If the voter owns less than one acre, the voter shall be entitled to one vote. Any fraction of an acre shall be rounded to the next full acre.

(2) A number of votes based on the benefits derived by each parcel from being within the boundaries of the district, or from receiving services from the district, or both. The engineer shall consider, among other factors, the nature of the use or allowed uses of the parcel, whether the parcel is developed or undeveloped, and the nature of the district's services provided to or available to the parcel.

(c) The secretary shall publish a notice of preparation of the preliminary election roll pursuant to Section 39057, indicating the date, time, and place of the board's hearing to consider the preliminary election roll. The notice shall also provide information concerning the availability of the preliminary election roll.

(d) A copy of the preliminary election roll shall be available at the district's offices during regular business hours and at any other convenient location, as determined by the district.

SEC. 3. Section 41027 of the Water Code is amended to read:

41027. (a) The board shall hold a public hearing to receive any testimony regarding the preliminary election roll. The hearing may be continued from time to time. Following the hearing and deliberations, the board shall make any changes to the preliminary election roll and shall adopt the election roll.

(b) If the preliminary election roll was prepared pursuant to paragraph (1) of subdivision (b) of Section 41026, the adopted election roll shall be deemed the final election roll.

(c) If the preliminary election roll was prepared pursuant to paragraph (2) of subdivision (b) of Section 41026, the secretary shall send the

adopted election roll to the board of supervisors of the principal county. Upon receiving the adopted election roll, the board of supervisors of the principal county shall set the date, time, and place for a public hearing to receive any testimony regarding the adopted election roll. The board of supervisors shall publish a notice of its public hearing pursuant to Section 39057. At the hearing, the board of supervisors shall receive any testimony regarding the adopted election roll. The hearing may be continued from time to time. Following the hearing and deliberations, the board of supervisors shall either approve or disapprove the adopted election roll. If the board of supervisors approves the adopted election roll, it shall send the final election roll to the board. If the board of supervisors disapproves the adopted election roll, the board of supervisors shall notify the board of its disapproval and may recommend changes to the adopted election roll for the board to consider. The district shall compensate the principal county for any costs incurred by the board of supervisors pursuant to this article.

(d) The secretary shall certify and file the final election roll not later than the date of the first publication of the notice provided pursuant to Section 41308.

CHAPTER 276

An act to add and repeal Chapter 10 (commencing with Section 58950) to Part 31 of the Education Code, relating to schoolsite funding.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Chapter 10 (commencing with Section 58950) is added to Part 31 of the Education Code, to read:

CHAPTER 10. LOCAL IMPROVEMENT PROGRAM

58950. (a) The Local Improvement Program is hereby established as a pilot program. The State Board of Education may select school districts, applying on behalf of public schools that provide instruction in kindergarten or any of grades 1 to 12, inclusive, to voluntarily participate in the Local Improvement Program in accordance with criteria that the state board may adopt. The number of schools participating in the program for all school districts approved by the state board may not

exceed 5 percent of the total number of public schools, in no more than 15 school districts, that provide instruction in kindergarten or any of grades 1 to 12, inclusive. Participating school districts shall allocate instructional program funding to participating schools with maximum flexibility in the development and implementation of schoolsite funding in order to support and improve pupil learning.

(b) As a condition of voluntary participation, the governing board of a participating school district shall develop and implement policies and procedures pursuant to this chapter that support the schoolsite goals and objectives of the participating schools.

58951. The governing board of each participating school district shall develop and implement policies and procedures to increase site-level decisionmaking at participating schools to enable all of the following:

(a) Parents, community members representing the diverse racial, ethnic, gender, and socioeconomic backgrounds, the school pupil population, teachers and secondary school pupils, schoolsite administrators, the various categories of school employees, and other school staff to set goals, objectives, and expenditure priorities for improving instruction at that school, and to participate in decisionmaking regarding policies and procedures. It is the intent of the Legislature to ensure meaningful access by, and participation of, parents in the design and governance of a schoolsite, and, to enable the participation of parents who traditionally have not participated in school governance.

(b) Schoolsite teachers and school level administrators to design and implement policies and procedures consistent with the goals and objectives established pursuant to subdivision (a), including, but not limited to, all of the following:

(1) Selection and assignment of certificated and noncertificated school personnel in accordance with Chapter 5 (commencing with Section 45100) of Part 25.

(2) Development and enrichment of instructional courses that build upon state-adopted content and performance standards in order to provide rigorous instruction for all pupils, including the implementation of diverse instructional approaches to respond to the variety of pupil learning needs.

(3) Expenditure of funds for instruction, including, but not limited to, instructional materials, staff training, and personnel.

58952. Participating school districts may, on behalf of one or more participating schools, request to waive any provision of the Education Code, or any regulation enacted pursuant to authority granted by the Education Code, if the waiver is requested in accordance with Article 3 (commencing with Section 33050) of Chapter 1 of Part 20. A waiver may be approved only if it is necessary to facilitate the pilot program established by this chapter.

58953. (a) The application of a school district, on behalf of one or more schools within the district, to participate shall demonstrate the manner in which parent education, information, and support will be provided for parents of all racial, ethnic, gender, or socioeconomic backgrounds to encourage their involvement in the development and implementation of the program and so that parents may be involved in decisionmaking and support for the instructional program of their child or children.

(b) A school principal, acting with the consent of the schoolsite council, or any other representative body constituted pursuant to the requirements of Section 58951, may apply on behalf of his or her school to the governing board of the school district to participate in the Local Improvement Program. A school district may only apply to participate in the Local Improvement Program on behalf of schools or consortia of schools that apply to take part in the program.

(c) A participating school district shall provide information that is required by the Superintendent to conduct the evaluation required by Section 58954.

58954. (a) Subject to the availability of funds specifically appropriated for this section, the Superintendent shall evaluate, or contract for the evaluation of, the effectiveness of the Local Improvement Program and annually report that evaluation to the state board, the Secretary for Education, the Department of Finance, the Legislative Analyst, the Assembly Committee on Education, and the Senate Committee on Education. The evaluation shall include a determination whether pupils and school communities have benefited from the provision of instructional program funding to participating schools with maximum flexibility. The Superintendent shall make recommendations concerning whether a local improvement program should be continued.

(b) It is the intent of the Legislature that the evaluation include all of the following:

(1) An assessment of the nature, scope, and quality of the implementation of a local improvement program.

(2) A recommendation regarding needed modifications in statutes, policy, or procedure, in order to support and assist implementation of a local improvement program.

(3) An assessment of the effectiveness of a local improvement program in supporting and improving pupil learning as measured by both pupil performance, and pupil, parent, and school employee satisfaction, with pupil learning, school organization, governance, and management.

(4) Information regarding changes in roles or responsibilities among participating individuals, including teachers, administrators, other school

staff, parents, pupils, and participating entities including businesses, postsecondary educational institutions, and educational organizations.

58955. The department shall provide staff assistance to the state board as necessary for the purpose of establishing, monitoring, and evaluating a local improvement program.

58956. This chapter shall become inoperative on June 30, 2010, and is repealed as of January 1, 2011, unless a later enacted statute, that becomes operative before January 1, 2011, deletes or extends these dates.

CHAPTER 277

An act to amend Section 33333.6 of the Health and Safety Code, relating to redevelopment.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 33333.6 of the Health and Safety Code is amended to read:

33333.6. The limitations of this section shall apply to every redevelopment plan adopted on or before December 31, 1993.

(a) The effectiveness of every redevelopment plan to which this section applies shall terminate at a date that shall not exceed 40 years from the adoption of the redevelopment plan or January 1, 2009, whichever is later. After the time limit on the effectiveness of the redevelopment plan, the agency shall have no authority to act pursuant to the redevelopment plan except to pay previously incurred indebtedness, to comply with Section 33333.8 and to enforce existing covenants, contracts, or other obligations.

(b) Except as provided in subdivisions (f) and (g), a redevelopment agency may not pay indebtedness or receive property taxes pursuant to Section 33670 after 10 years from the termination of the effectiveness of the redevelopment plan pursuant to subdivision (b).

(c) (1) If plans that had different dates of adoption were merged on or before December 31, 1993, the time limitations required by this section shall be counted individually for each merged plan from the date of the adoption of each plan. If an amendment to a redevelopment plan added territory to the project area on or before December 31, 1993, the time limitations required by this section shall commence, with respect to the redevelopment plan, from the date of the adoption of the redevelopment

plan, and, with respect to the added territory, from the date of the adoption of the amendment.

(2) If plans that had different dates of adoption are merged on or after January 1, 1994, the time limitations required by this section shall be counted individually for each merged plan from the date of the adoption of each plan.

(d) (1) Unless a redevelopment plan adopted prior to January 1, 1994, contains all of the limitations required by this section and each of these limitations does not exceed the applicable time limits established by this section, the legislative body, acting by ordinance on or before December 31, 1994, shall amend every redevelopment plan adopted prior to January 1, 1994, either to amend an existing time limit that exceeds the applicable time limit established by this section or to establish time limits that do not exceed the provisions of subdivision (b) or (c).

(2) The limitations established in the ordinance adopted pursuant to this section shall apply to the redevelopment plan as if the redevelopment plan had been amended to include those limitations. However, in adopting the ordinance required by this section, neither the legislative body nor the agency is required to comply with Article 12 (commencing with Section 33450) or any other provision of this part relating to the amendment of redevelopment plans.

(e) (1) If a redevelopment plan adopted prior to January 1, 1994, contains one or more limitations required by this section, and the limitation does not exceed the applicable time limit required by this section, this section shall not be construed to require an amendment of this limitation.

(2) (A) A redevelopment plan adopted prior to January 1, 1994, that has a limitation shorter than the terms provided in this section may be amended by a legislative body by adoption of an ordinance on or after January 1, 1999, but on or before December 31, 1999, to extend the limitation, provided that the plan as so amended does not exceed the terms provided in this section. In adopting an ordinance pursuant to this subparagraph, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans.

(B) On or after January 1, 2002, a redevelopment plan may be amended by a legislative body by adoption of an ordinance to eliminate the time limit on the establishment of loans, advances, and indebtedness required by this section prior to January 1, 2002. In adopting an ordinance pursuant to this subparagraph, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the

amendment of redevelopment plans, except that the agency shall make the payment to affected taxing entities required by Section 33607.7.

(C) When an agency is required to make a payment pursuant to Section 33681.9, the legislative body may amend the redevelopment plan to extend the time limits required pursuant to subdivisions (a) and (b) by one year by adoption of an ordinance. In adopting an ordinance pursuant to this subparagraph, neither the legislative body nor the agency is required to comply with Section 33354.6 or Article 12 (commencing with Section 33450) or any other provision of this part relating to the amendment of redevelopment plans, including, but not limited to, the requirement to make the payment to affected taxing entities required by Section 33607.7.

(D) When an agency is required pursuant to Section 33681.12 to make a payment to the county auditor for deposit in the county's Educational Revenue Augmentation Fund created pursuant to Article 3 (commencing with Section 97) of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, the legislative body may amend the redevelopment plan to extend the time limits required pursuant to subdivisions (a) and (b) by the following:

(i) One year for each year in which a payment is made, if the time limit for the effectiveness of the redevelopment plan established pursuant to subdivision (a) is 10 years or less from the last day of the fiscal year in which a payment is made.

(ii) One year for each year in which such a payment is made, if both of the following apply:

(I) The time limit for the effectiveness of the redevelopment plan established pursuant to subdivision (a) is more than 10 years but less than 20 years from the last day of the fiscal year in which a payment is made.

(II) The legislative body determines in the ordinance adopting the amendment that, with respect to the project, the following:

(IIa) The agency is in compliance with the requirements of Section 33334.2 or 33334.6, as applicable.

(IIb) The agency has adopted an implementation plan in accordance with the requirements of Section 33490.

(IIc) The agency is in compliance with subdivisions (a) and (b) of Section 33413, to the extent applicable.

(IId) The agency is not subject to sanctions pursuant to subdivision (e) of Section 33334.12 for failure to expend, encumber, or disburse an excess surplus.

(iii) This subparagraph shall not apply to any redevelopment plan if the time limit for the effectiveness of the redevelopment plan established

pursuant to subdivision (a) is more than 20 years after the last day of the fiscal year in which such a payment is made.

(3) (A) The legislative body by ordinance may adopt the amendments provided for under this paragraph following a public hearing. Notice of the public hearing shall be mailed to the governing body of each affected taxing entity at least 30 days prior to the public hearing and published in a newspaper of general circulation in the community at least once, not less than 10 days prior to the date of the public hearing. The ordinance shall contain a finding of the legislative body that funds used to make a payment to the county's Educational Revenue Augmentation Fund pursuant to Section 33681.12 would otherwise have been used to pay the costs of projects and activities necessary to carry out the goals and objectives of the redevelopment plan. In adopting an ordinance pursuant to this paragraph, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans.

(B) The time limit on the establishment of loans, advances, and indebtedness shall be deemed suspended and of no force or effect but only for the purpose of issuing bonds or other indebtedness the proceeds of which are used to make the payments required by Section 33681.12 if the following apply:

(i) The time limit on the establishment of loans, advances, and indebtedness required by this section prior to January 1, 2002, has expired and has not been eliminated pursuant to subparagraph (B).

(ii) The agency is required to make a payment pursuant to Section 33681.12.

(iii) The agency determines that in order to make the payment required by Section 33681.12, it is necessary to issue bonds or incur other indebtedness.

(iv) The proceeds of the bonds issued or indebtedness incurred are used solely for the purpose of making the payments required by Section 33681.12 and related costs.

The suspension of the time limit on the establishment of loans, advances, and indebtedness pursuant to this subparagraph shall not require the agency to make the payment to affected taxing entities required by Section 33607.7.

(4) (A) A time limit on the establishing of loans, advances, and indebtedness to be paid with the proceeds of property taxes received pursuant to Section 33670 to finance in whole or in part the redevelopment project shall not prevent an agency from incurring debt to be paid from the agency's Low and Moderate Income Housing Fund or establishing more debt in order to fulfill the agency's affordable

housing obligations, as defined in paragraph (1) of subdivision (a) of Section 33333.8.

(B) A redevelopment plan may be amended by a legislative body to provide that there shall be no time limit on the establishment of loans, advances, and indebtedness paid from the agency's Low and Moderate Income Housing Fund or establishing more debt in order to fulfill the agency's affordable housing obligations, as defined in paragraph (1) of subdivision (a) of Section 33333.8. In adopting such an ordinance, neither the legislative body nor the agency is required to comply with Section 33345.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans, and the agency shall not make the payment to affected taxing entities required by Section 33607.7.

(f) The limitations established in the ordinance adopted pursuant to this section shall not be applied to limit the allocation of taxes to an agency to the extent required to comply with Section 33333.8. In the event of a conflict between these limitations and the obligations under Section 33333.8, the limitations established in the ordinance shall be suspended pursuant to Section 33333.8.

(g) (1)This section does not effect the validity of any bond, indebtedness, or other obligation, including any mitigation agreement entered into pursuant to Section 33401, authorized by the legislative body, or the agency pursuant to this part, prior to January 1, 1994.

(2) This section does not affect the right of an agency to receive property taxes, pursuant to Section 33670, to pay the bond, indebtedness, or other obligation.

(3) This section does not affect the right of an agency to receive property taxes pursuant to Section 33670 to pay refunding bonds issued to refinance, refund, or restructure indebtedness authorized prior to January 1, 1994, if the last maturity date of these refunding bonds is not later than the last maturity date of the refunded indebtedness and the sum of the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds is less than the sum of the total net interest cost to maturity on the refunded indebtedness plus the principal amount of the refunded indebtedness.

(h) A redevelopment agency shall not pay indebtedness or receive property taxes pursuant to Section 33670, with respect to a redevelopment plan adopted prior to January 1, 1994, after the date identified in subdivision (b) or the date identified in the redevelopment plan, whichever is earlier, except as provided in paragraph (2) of subdivision (e), in subdivision (g), or in Section 33333.8.

(i) The Legislature finds and declares that the amendments made to this section by the act that adds this subdivision are intended to add

limitations to the law on and after January 1, 1994, and are not intended to change or express legislative intent with respect to the law prior to that date. It is not the intent of the Legislature to affect the merits of any litigation regarding the ability of a redevelopment agency to sell bonds for a term that exceeds the limit of a redevelopment plan pursuant to law that existed prior to January 1, 1994.

(j) If a redevelopment plan is amended to add territory, the amendment shall contain the time limits required by Section 33333.2.

CHAPTER 278

An act to amend Sections 4464, 4475, 4475.1, 4475.5, 4476, and 4480 of, and to add Section 4442.6 to, the Public Resources Code, relating to forest practices.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 4442.6 is added to the Public Resources Code, to read:

4442.6. (a) A person shall not sell, offer for sale, lease, or rent to a person any equipment that is powered by an internal combustion engine subject to Section 4442 or 4443, and not subject to Section 13005 of the Health and Safety Code, unless that equipment has a permanent warning label attached that is in plain view to the operator that states, "WARNING—Operation of This Equipment May Create Sparks That Can Start Fires Around Dry Vegetation. A Spark Arrestor May be Required. The Operator Should Contact Local Fire Agencies For Laws or Regulations Relating to Fire Prevention Requirements."

(b) A person who manufacturers equipment that is powered by an internal combustion engine described in subdivision (a) shall attach to that equipment a permanent warning label that is in plain view to the operator and that complies with subdivision (a).

(c) Notwithstanding Section 4021, a violation of subdivision (a) or (b) is an infraction punishable by a fine of not more than one hundred dollars ($100).

SEC. 2. Section 4464 of the Public Resources Code is amended to read:

4464. Unless the context clearly requires otherwise, the following definitions govern the construction of this chapter:

(a) "Wild land" means any land that is classified as a state responsibility area pursuant to Article 3 (commencing with Section 4125) of Chapter 1 and includes any land having a flammable plant cover. "Wild land" also means any land not classified as a state responsibility area where the geographic location of these lands and accumulation of wild land fuel is such that a wild land fire occurring on these lands would pose a threat to a state responsibility area.

(b) "Wild land fuel" means any timber, brush, grass, or other flammable vegetation, living or dead, standing or down.

(c) "Wild land fire" means any uncontrolled fire burning on wild land.

(d) "Prescribed burning" or "prescribed burning operation" means the planned application and confinement of fire to wild land fuels on lands selected in advance of that application to achieve any of the following objectives:

(1) Prevention of high-intensity wild land fires through reduction of the volume and continuity of wild land fuels.

(2) Watershed management.

(3) Range improvement.

(4) Vegetation management.

(5) Forest improvement.

(6) Wildlife habitat improvement.

(7) Air quality maintenance.

(e) "Prescribed burn crew" means personnel and firefighting equipment of the department that are prepared to contain fire set in a prescribed burning operation and to suppress any fire that escapes during a prescribed burning operation.

(f) "Person" means any natural person, firm, association, partnership, business trust, corporation, limited liability company, company, or combination thereof, or any public agency other than an agency of the federal government.

(g) "Hazardous fuel reduction" means the application of practices to wild lands, the primary impact of which to the vegetation is generally limited to the reduction of surface and ladder wild land fuels. These practices include, but are not limited, to prescribed fire, piling by machine or by hand in preparation for burning, thinning, pruning, or grazing. Treatments that reduce crown densities shall be prescribed only for the purpose of impacting fire behavior, and where it can be reasonably concluded based on the proposed treatment that the likelihood for the formation of crown fires is reduced.

SEC. 3. Section 4475 of the Public Resources Code is amended to read:

4475. The director, with the approval of the Director of General Services, may enter into a contract for prescribed burning or other

hazardous fuel reduction that is consistent with this chapter and the regulations of the board with (1) the owner or any other person who has legal control of any property or (2) any public agency with regulatory or natural resource management authority over any property that is included within any wild land for any of the following purposes, or any combination thereof:

(a) Prevention of high-intensity wild land fires through reduction of the volume and continuity of wild land fuels.

(b) Watershed management.

(c) Range improvement.

(d) Vegetation management.

(e) Forest improvement.

(f) Wildlife habitat improvement.

(g) Air quality maintenance.

No contract may be entered into pursuant to this section unless the director determines that the public benefits estimated to be derived from the prescribed burning or other hazardous fuel reduction pursuant to the contract will be equal to or greater than the foreseeable damage that could result from the prescribed burning or other hazardous fuel reduction.

SEC. 4. Section 4475.1 of the Public Resources Code is amended to read:

4475.1. The director, with the approval of the Director of General Services, may enter into a master agreement with federal land management agencies to conduct joint prescribed burning operations on wild lands and federal lands where these operations serve the public interest and are beneficial to the state. This master agreement shall be known as the Multiagency Agreement for Cooperative Use of Prescribed Fire and shall establish guidelines for the cooperative management of joint prescribed burning operations. The master agreement shall require the completion of a project agreement for each individual prescribed burn which shall include the following:

(a) A list of all participants.

(b) A joint prescribed burn plan.

(c) A display of the project costs to be assumed by each participant.

(d) A summary of the benefits to be received by each participant.

(e) An apportionment of suppression cost to each participant in the event a wildfire escapes from the project.

Project costs to be assumed by each agency or cooperator shall be based on the benefits received by each participant. The apportionment of suppression cost shall be based on the following:

(1) The benefits received by each participant.

(2) The amount at risk of each participant.

(3) The cost to produce the desired benefits received by each participant.

(4) The total acreage included by each participant.

SEC. 5. Section 4475.5 of the Public Resources Code is amended to read:

4475.5. (a) The state may assume a proportionate share of the costs of site preparation and prescribed burning or other hazardous fuel reduction conducted pursuant to this article on wild lands other than wild lands under the jurisdiction of the federal government. The state's share of those costs shall bear the same ratio to the total costs of the operation as the public benefits bear to all public and private benefits to be derived from the prescribed burning operation or other hazardous fuel reduction, as estimated and determined by the director. The state's share of the costs may exceed 90 percent of the total costs of the operation only if the director determines that no direct private economic benefits will accrue or will be utilized by a person that owns or controls any property under contract pursuant to Section 4475.

(b) The board shall adopt regulations establishing standards to be used by the director in determining the state's share of these costs and in determining whether, pursuant to Section 4475, the public benefits of a prescribed burning operation or other hazardous fuel reduction will equal or exceed the foreseeable damage therefrom.

(c) The determination of public and private benefits pursuant to this section shall reflect any substantial benefit to be derived from accomplishing any of the purposes specified in Section 4475 and the prevention of degradation of air quality.

(d) All or part of these costs to be borne by the person contracting with the department may be met by the value of materials, services, or equipment furnished by that person directly, or furnished by that person pursuant to an agreement with a private consultant or contractor, or furnished by a combination of both means, that are determined by the department to be suitable for the preparation for, and the conduct of, the prescribed burning operation or other hazardous fuel reduction.

SEC. 6. Section 4476 of the Public Resources Code is amended to read:

4476. Any contract which is entered into pursuant to this article shall do all of the following:

(a) Vest in the director the final authority to determine the time during which wild land fuel and structural fire hazards may be burned to minimize the risk of escape of a fire set in a prescribed burning operation and to facilitate maintenance of air quality.

(b) Clearly state the obligation of each party to the contract to provide, maintain, and repair equipment and indicate the number of each type of equipment to be provided and the duration of its availability.

(c) Designate an officer of the department as the fire boss with final authority to approve and amend the plan and formula applicable to a prescribed burning operation, to determine that the site has been prepared and the crew and equipment are ready to commence the operation, and to supervise the work assignments of departmental employees and all personnel furnished by the person contracting with the department until the prescribed burning is completed and all fire is declared to be out.

(d) Specify the duties of, and the precautions taken by, the person contracting with the department and any personnel furnished by that person.

(e) Provide that any personnel furnished by a person contracting with the department to assist in any aspect of site preparation or prescribed burning or other hazardous fuel reduction shall be an agent of that person for all purposes of workers' compensation. However, any volunteer recruited or used by the department to suppress a wild land fire originating or spreading from a prescribed burning operation is an employee of the department for all purposes of workers' compensation.

(f) Specify the value assigned to the materials, services, or equipment furnished by the person contracting with the department in lieu of payment of all or part of that person's share of the actual costs.

(g) Specify the total costs of the prescribed burning operation or other hazardous fuel reduction and the pro rata share thereof for each party to the contract. Any person contracting with the department shall, prior to the commencement of any work by the department, place on deposit in an interest-bearing escrow or trust account with a California-licensed financial institution an amount equal to that person's pro rata share of the costs, less the value of materials, services, or equipment specified pursuant to subdivision (e). Interest earned on the account shall accrue to the depositor and may be separately disbursed from the principal amount upon request of the depositor. Disbursement of funds on deposit in the trust or escrow account shall be authorized by the depositor within 15 days after completion, to the depositor's satisfaction, of all work specified in the contract to be done by the department.

(h) Provide that the department may, in its discretion, purchase a third-party liability policy of insurance that provides coverage against loss resulting from a wild land fire sustained by any person or public agency, including the federal government. The amount of the policy, if purchased, shall be determined by the director. The policy shall name the person contracting with the department and the department as joint policyholders. The premium shall be included as a cost prorated as

provided in subdivision (g). A certificate of insurance, if purchased, covering each policy shall be attached to or become a part of the contract. If the department elects not to purchase insurance, the department shall agree to indemnify and hold harmless the person or public agency contracting with the department with respect to liability arising out of performance of the contract.

SEC. 7. Section 4480 of the Public Resources Code is amended to read:

4480. In any area of the state where there are substantially more requests for prescribed burning operations or other hazardous fuel reduction pursuant to this article than can be conducted directly by the department in a single fiscal year, the director may, with the approval of the Director of Finance, enter into an agreement with private consultants or contractors or with other public agencies for furnishing all or a part of the state's share of the responsibility for planning the operation, preparing the site, and conducting the prescribed burning or other hazardous fuel reduction. The private consultant or contractor or other public agency, and the work assignments of its employees, shall be supervised by the fire boss when conducting prescribed burning operations, or designated officer of the department when conducting other hazardous fuel reduction, as provided in subdivision (c) of Section 4476. No agreement may be entered into pursuant to this section unless the director determines that it will enable the prescribed burning operation to be conducted at a cost equal to, or less than, the cost that would otherwise be incurred by the state.

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 279

An act to amend Section 48906 of the Education Code, to amend Sections 241.4, 271.5, 290.4, 601, 679.05, 861.5, 1170.11, 1170.76, 1170.86, 1524, 3602, 3700.5, 11105, 11167, 11170, 12555, and 13851 of, and to repeal Section 3085.1 of, the Penal Code, and to amend Sections 13353, 14601.2, 22358.4, and 23593 of the Vehicle Code, relating to public safety.

[Approved by Governor September 22, 2005. Filed with
Secretary of State September 22, 2005.]

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

SECTION 1. Section 48906 of the Education Code is amended to read:

48906. When a principal or other school official releases a minor pupil to a peace officer for the purpose of removing the minor from the school premises, the school official shall take immediate steps to notify the parent, guardian, or responsible relative of the minor regarding the release of the minor to the officer, and regarding the place to which the minor is reportedly being taken, except when a minor has been taken into custody as a victim of suspected child abuse, as defined in Section 11165.6 of the Penal Code, or pursuant to Section 305 of the Welfare and Institutions Code. In those cases, the school official shall provide the peace officer with the address and telephone number of the minor's parent or guardian. The peace officer shall take immediate steps to notify the parent, guardian, or responsible relative of the minor that the minor is in custody and the place where he or she is being held. If the officer has a reasonable belief that the minor would be endangered by a disclosure of the place where the minor is being held, or that the disclosure would cause the custody of the minor to be disturbed, the officer may refuse to disclose the place where the minor is being held for a period not to exceed 24 hours. The officer shall, however, inform the parent, guardian, or responsible relative whether the child requires and is receiving medical or other treatment. The juvenile court shall review any decision not to disclose the place where the minor is being held at a subsequent detention hearing.

SEC. 2. Section 241.4 of the Penal Code is amended to read:

241.4. An assault is punishable by fine not exceeding one thousand dollars ($1,000), or by imprisonment in the county jail not exceeding six months, or by both. When the assault is committed against the person of a peace officer engaged in the performance of his or her duties as a member of a police department of a school district pursuant to Section 38000 of the Education Code, and the person committing the offense knows or reasonably should know that the victim is a peace officer engaged in the performance of his or her duties, the offense shall be punished by imprisonment in the county jail not exceeding one year or by imprisonment in the state prison.

SEC. 3. Section 271.5 of the Penal Code is amended to read:

271.5. (a) No parent or other individual having lawful custody of a minor child 72 hours old or younger may be prosecuted for a violation

of Section 270, 270.5, 271, or 271a if he or she voluntarily surrenders physical custody of the child to personnel on duty at a safe-surrender site.

(b) For purposes of this section, "safe-surrender site" has the same meaning as defined in paragraph (1) of subdivision (a) of Section 1255.7 of the Health and Safety Code.

(c) (1) For purposes of this section, "lawful custody" has the same meaning as defined in subdivision (j) of Section 1255.7 of the Health and Safety Code.

(2) For purposes of this section, "personnel" has the same meaning as defined in paragraph (2) of subdivision (a) of Section 1255.7 of the Health and Safety Code.

(d) This section shall be repealed on January 1, 2006, unless a later enacted statute extends or deletes that date.

SEC. 4. Section 290.4 of the Penal Code is amended to read:

290.4. (a) (1) The Department of Justice shall continually compile information as described in paragraph (2) regarding any person required to register under Section 290 for a conviction of Section 207 or 209 committed with the intent to violate Section 261, 286, 288, 288a, or 289; Section 220, except assault to commit mayhem; Section 243.4, provided that the offense is a felony; paragraph (1), (2), (3), (4), or (6) of subdivision (a) of Section 261; Section 264.1; Section 266, provided that the offense is a felony; Section 266c, provided that the offense is a felony; Section 266j; Section 267; Section 269; paragraph (1) of subdivision (b) of Section 286, provided that the offense is a felony; paragraph (2) of subdivision (b), subdivision (c), (d), (f), (g), (i), (j), or (k) of Section 286; Section 288; paragraph (1) of subdivision (b) of Section 288a, provided that the offense is a felony; paragraph (2) of subdivision (b), (c), (d), (f), (g), (i), (j), or (k) of Section 288a; Section 288.5; subdivision (a), (b), (d), (e), (f), (g), or (h) of Section 289, provided that the offense is a felony; subdivision (i) or (j) of Section 289; Section 647.6; or the attempted commission of any of these offenses; or the statutory predecessor of any of these offenses or any offense which, if committed or attempted in this state, would have been punishable as one or more of the offenses described in this section. This requirement shall not be applied to a person whose duty to register has been terminated pursuant to paragraph (5) of subdivision (d) of Section 290, or to a person who has been relieved of his or her duty to register under Section 290.5.

(2) The information shall be categorized by community of residence and ZIP Code. The information shall include the names and known aliases of the person, a photograph, a physical description, gender, race, date of birth, the criminal history, and the address, including ZIP Code, in which the person resides, and any other information that the

Department of Justice deems relevant, not including information that would identify the victim.

(3) The department shall operate a "900" telephone number that members of the public may call and inquire whether a named individual is listed among those described in this subdivision. The caller shall furnish his or her first name, middle initial, and last name. The department shall ascertain whether a named person reasonably appears to be a person so listed and provide the caller with the information described in paragraph (2), except the department shall not disclose the name or address of a listed person's employer, or the street address or criminal history of a person listed, except to disclose the ZIP Code area in which the person resides and to describe the specific crimes for which the registrant was required to register. The department shall decide whether the named person reasonably appears to be a person listed, based upon information from the caller providing information that shall include (A) an exact street address, including apartment number, social security number, California driver's license or identification number, or birth date along with additional information that may include any of the following: name, hair color, eye color, height, weight, distinctive markings, ethnicity; or (B) any combination of at least six of the above-listed characteristics if an exact birth date or address is not available. If three of the characteristics provided include ethnicity, hair color, and eye color, a seventh identifying characteristic shall be provided. Any information identifying the victim by name, birth date, address, or relation to the registrant shall be excluded by the department.

(4) (A) The department shall provide a CD-ROM or other electronic medium containing the information described in paragraph (2), except the name or address of a listed person's employer, or the listed person's street address and criminal history other than the specific crimes for which the person was required to register, for all persons described in paragraph (1) of subdivision (a), and shall update and distribute the CD-ROM or other electronic medium, to the sheriff's department in each county, municipal police departments of cities with a population of more than 200,000, and each law enforcement agency listed in subparagraph (I) of paragraph (1) of subdivision (b) of Section 290.45, except that school district police departments may receive the information only upon request. These law enforcement agencies may obtain additional copies by purchasing a yearly subscription to the CD-ROM or other electronic medium from the Department of Justice for a yearly subscription fee. The Department of Justice, the sheriffs' departments, and the municipal police departments of cities with a population of more than 200,000 shall make, and the other law enforcement agencies may make, the CD-ROM or other electronic medium available for viewing

by the public in accordance with the following: The agency may require that a person applying to view the CD-ROM or other electronic medium express an articulable purpose in order to have access thereto. The applicant shall provide identification in the form of a California driver's license, California identification card, or military identification card and orders with proof of permanent assignment or attachment to a military command or vessel in California, showing the applicant to be at least 18 years of age. The applicant shall sign a statement, on a form provided by the Department of Justice, stating that the applicant is not a registered sex offender, that he or she understands the purpose of the release of information is to allow members of the public to protect themselves and their children from sex offenders, and he or she understands it is unlawful to use information obtained from the CD-ROM or other electronic medium to commit a crime against any registrant or to engage in illegal discrimination or harassment of any registrant. The signed statement shall be maintained in a file in the designated law enforcement agency's office. A person under 18 years of age may accompany an applicant who is that person's parent or legal guardian for the purpose of viewing the CD-ROM or other electronic medium.

(B) The records of persons requesting to view the CD-ROM or other electronic medium are confidential, except that a copy of the applications requesting to view the CD-ROM or other electronic medium may be disclosed to law enforcement agencies for law enforcement purposes.

(C) Any information identifying the victim by name, birth date, address, or relationship to the registrant shall be excluded from the CD-ROM or other electronic medium.

(5) (A) The income from the operation of the "900" telephone number shall be deposited in the Sexual Predator Public Information Account within the Department of Justice for the purpose of the implementation of this section by the Department of Justice, including all actual and reasonable costs related to establishing and maintaining the information described in subdivision (a) and the CD-ROM or other electronic medium described in this subdivision.

(B) The moneys in the Sexual Predator Public Information Account shall consist of income from the operation of the "900" telephone number program authorized by this section, proceeds of the loan made pursuant to Section 6 of the act adding this section, and any other funds made available to the account by the Legislature. Moneys in the account shall be available to the Department of Justice upon appropriation by the Legislature for the purpose specified in subparagraph (A).

(C) When the "900" telephone number is called, a preamble shall be played before charges begin to accrue. The preamble shall run at least

the length of time required by federal law and shall provide the following information:

(i) Notice that the caller's telephone number will be recorded.

(ii) The charges for use of the "900" telephone number.

(iii) Notice that the caller is required to identify himself or herself to the operator.

(iv) Notice that the caller is required to be 18 years of age or older.

(v) A warning that it is illegal to use information obtained through the "900" telephone number to commit a crime against any registrant or to engage in illegal discrimination or harassment against any registrant.

(vi) Notice that the caller is required to have the birth date, California driver's license or identification number, social security number, address, or other identifying information regarding the person about whom information is sought in order to achieve a positive identification of that person.

(vii) A statement that the number is not a crime hotline and that any suspected criminal activity should be reported to local authorities.

(viii) A statement that the caller should have a reasonable suspicion that a person is at risk.

(D) The Department of Justice shall expend no more than six hundred thousand dollars ($600,000) per year from any moneys appropriated by the Legislature from the account.

(b) (1) Any person who uses information disclosed pursuant to this section to commit a felony shall be punished, in addition and consecutive to, any other punishment, by a five-year term of imprisonment in the state prison.

(2) Any person who, without authorization, uses information disclosed pursuant to this section to commit a misdemeanor shall be subject to, in addition to any other penalty or fine imposed, a fine of not less than five hundred dollars ($500) and not more than one thousand dollars ($1,000).

(c) The record of the compilation of offender information on each CD-ROM or other electronic medium distributed pursuant to this section shall be used only for law enforcement purposes and the public safety purposes specified in this section and Sections 290 and 290.45. This record shall not be distributed or removed from the custody of the law enforcement agency that is authorized to retain it. Information obtained from this record shall be disclosed to a member of the public only as provided in this section, Section 290, 290.45, or any other statute expressly authorizing it.

Any person who copies, distributes, discloses, or receives this record or information from it, except as authorized by law, is guilty of a misdemeanor, punishable by imprisonment in a county jail not to exceed six months, or by a fine not exceeding one thousand dollars ($1,000),

or by both that imprisonment and fine. This subdivision shall not apply to a law enforcement officer who makes a copy as part of his or her official duties in the course of a criminal investigation, court case, or as otherwise authorized by subdivision (b) of Section 290.45. This subdivision shall not prohibit copying information by handwriting.

Notwithstanding Section 6254.5 of the Government Code, disclosure of information pursuant to this section is not a waiver of exemptions under Chapter 3.5 (commencing with Section 6250) of Title 1 of Division 7 of the Government Code and does not affect other statutory restrictions on disclosure in other situations.

(d) Unauthorized removal or destruction of the CD-ROM or other electronic medium from the offices of any law enforcement agency is a misdemeanor, punishable by imprisonment in a county jail not to exceed one year, or by a fine not exceeding one thousand dollars ($1,000), or by both that imprisonment and fine.

(e) (1) A person is authorized to use information disclosed pursuant to this section only to protect a person at risk.

This section shall not affect authorized access to, or use of, information pursuant to, among other provisions, Sections 11105 and 11105.3 of this code, Section 226.55 of the Civil Code, Sections 777.5 and 14409.2 of the Financial Code, Sections 1522.01 and 1596.871 of the Health and Safety Code, and Section 432.7 of the Labor Code.

(2) Except as authorized under paragraph (1) or any other provision of law, use of any information that is disclosed pursuant to this section for purposes relating to any of the following is prohibited:

(A) Health insurance.

(B) Insurance.

(C) Loans.

(D) Credit.

(E) Employment.

(F) Education, scholarships, or fellowships.

(G) Housing or accommodations.

(H) Benefits, privileges, or services provided by any business establishment.

(3) (A) Any use of information disclosed pursuant to this section for purposes other than those provided by paragraph (1) or in violation of paragraph (2) shall make the user liable for the actual damages, and any amount that may be determined by a jury or a court sitting without a jury, not exceeding three times the amount of actual damage, and not less than two hundred fifty dollars ($250), and attorney's fees, exemplary damages, or a civil penalty not exceeding twenty-five thousand dollars ($25,000).

(B) Whenever there is reasonable cause to believe that any person or group of persons is engaged in a pattern or practice of misuse of the "900" telephone number in violation of paragraph (2), the Attorney General, any district attorney, or city attorney, or any person aggrieved by the misuse of that number is authorized to bring a civil action in the appropriate court requesting preventive relief, including an application for a permanent or temporary injunction, restraining order, or other order against the person or group of persons responsible for the pattern or practice of misuse. The foregoing remedies shall be independent of any other remedies or procedures that may be available to an aggrieved party under other provisions of law, including Part 2 (commencing with Section 43) of Division 1 of the Civil Code.

(f) This section shall not be deemed to authorize the publication, distribution, or disclosure of the address of any person about whom information can be published, distributed, or disclosed pursuant to this section.

(g) Community notification shall be governed by Section 290.45.

(h) Any law enforcement agency and employees of any law enforcement agency shall be immune from liability for good faith conduct under this section. For the purposes of this section, "law enforcement agency" means the Attorney General of California, every district attorney, the Department of Corrections, the Department of the Youth Authority, and every state or local agency expressly authorized by statute to investigate or prosecute law violators.

(i) The registration and public notification provisions of this section are applicable to every person described in these sections, without regard to when his or her crimes were committed or his or her duty to register pursuant to Section 290 arose, and to every offense described in these sections, regardless of when it was committed.

(j) The Department of Justice shall mail an informational pamphlet to any member of the public who makes an inquiry using the "900" telephone number required by this section and who provides an address. The pamphlet shall provide basic information concerning appropriate steps parents, guardians, and other responsible adults can take to ensure a child is safe from a suspected child molester, including, but not limited to, how to identify suspicious activity by an adult, common facts and myths about child molesters, and how to obtain additional help and information. A notice to callers to the "900" telephone number that they will receive the pamphlet, if an address is provided, shall be included in the preamble required by this section.

(k) On or before July 1, 2001, and every year thereafter, the Department of Justice shall make a report to the Legislature concerning the operation of this section.

(*l*) Agencies disseminating information to the public pursuant to this section shall maintain records of those persons requesting to view the CD-ROM or other electronic media for a minimum of five years.

(m) This section shall remain operative only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, which becomes effective on or before that date, deletes or extends that date.

SEC. 5. Section 601 of the Penal Code is amended to read:

601. (a) Any person is guilty of trespass who makes a credible threat to cause serious bodily injury, as defined in subdivision (a) of Section 417.6, to another person with the intent to place that other person in reasonable fear for his or her safety, or the safety of his or her immediate family, as defined in subdivision (*l*) of Section 646.9, and who does any of the following:

(1) Within 30 days of the threat, unlawfully enters into the residence or real property contiguous to the residence of the person threatened without lawful purpose, and with the intent to execute the threat against the target of the threat.

(2) Within 30 days of the threat, knowing that the place is the threatened person's workplace, unlawfully enters into the workplace of the person threatened and carries out an act or acts to locate the threatened person within the workplace premises without lawful purpose, and with the intent to execute the threat against the target of the threat.

(b) Subdivision (a) shall not apply if the residence, real property, or workplace described in paragraph (1) or (2) that is entered is the residence, real property, or workplace of the person making the threat.

(c) This section shall not apply to any person who is engaged in labor union activities which are permitted to be carried out on the property by the California Agricultural Labor Relations Act, Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code, or by the National Labor Relations Act.

(d) A violation of this section shall be punishable by imprisonment in the state prison, or by imprisonment in a county jail not exceeding one year, or by a fine not exceeding two thousand dollars ($2,000), or by both a fine and imprisonment.

SEC. 6. Section 679.05 of the Penal Code is amended to read:

679.05. (a) A victim of domestic violence or abuse, as defined in Sections 6203 or 6211 of the Family Code, or Section 13700 of the Penal Code, has the right to have a domestic violence counselor and a support person of the victim's choosing present at any interview by law enforcement authorities, prosecutors, or defense attorneys. However, the support person may be excluded from an interview by law enforcement or the prosecutor if the law enforcement authority or the prosecutor determines that the presence of that individual would be

detrimental to the purpose of the interview. As used in this section, "domestic violence counselor" is defined in Section 1037.1 of the Evidence Code.

(b) (1) Prior to the commencement of the initial interview by law enforcement authorities or the prosecutor pertaining to any criminal action arising out of a domestic violence incident, a victim of domestic violence or abuse, as defined in Section 6203 or 6211 of the Family Code, or Section 13700 of this code, shall be notified orally or in writing by the attending law enforcement authority or prosecutor that the victim has the right to have a domestic violence counselor and a support person of the victim's choosing present at the interview or contact. This subdivision applies to investigators and agents employed or retained by law enforcement or the prosecutor.

(2) At the time the victim is advised of his or her rights pursuant to paragraph (1), the attending law enforcement authority or prosecutor shall also advise the victim of the right to have a domestic violence counselor and a support person present at any interview by the defense attorney or investigators or agents employed by the defense attorney.

(c) An initial investigation by law enforcement to determine whether a crime has been committed and the identity of the suspects shall not constitute a law enforcement interview for purposes of this section.

SEC. 7. Section 861.5 of the Penal Code is amended to read:

861.5. Notwithstanding subdivision (a) of Section 861, the magistrate may postpone the preliminary examination for one court day in order to accommodate the special physical, mental, or emotional needs of a child witness who is 10 years of age or younger or a dependent person, as defined in paragraph (3) of subdivision (f) of Section 288.

The magistrate shall admonish both the prosecution and defense against coaching the witness prior to the witness' next appearance in the preliminary examination.

SEC. 8. Section 1170.11 of the Penal Code is amended to read:

1170.11. As used in Section 1170.1, the term "specific enhancement" means an enhancement that relates to the circumstances of the crime. It includes, but is not limited to, the enhancements provided in Sections 186.10, 186.11, 186.22, 186.26, 186.33, 273.4, 289.5, 290.4, 290.45, subdivision (h) of Section 290.46, Sections 347, and 368, subdivisions (a) and (b) of Section 422.75, paragraphs (2), (3), (4), and (5) of subdivision (a) of Section 451.1, paragraphs (2), (3), and (4) of subdivision (a) of Section 452.1, subdivision (g) of Section 550, Sections 593a, 600, 667.8, 667.85, 667.9, 667.10, 667.15, 667.16, 667.17, 674, 675, 12021.5, 12022, 12022.2, 12022.3, 12022.4, 12022.5, 12022.53, 12022.55, 12022.6, 12022.7, 12022.75, 12022.8, 12022.85, 12022.9, 12022.95, 12072, and 12280 of this code, and in Sections 1522.01 and

11353.1, subdivision (b) of Section 11353.4, Sections 11353.6, 11356.5, 11370.4, 11379.7, 11379.8, 11379.9, 11380.1, 25189.5, and 25189.7 of the Health and Safety Code, and in Sections 20001 and 23558 of the Vehicle Code, and in Sections 10980 and 14107 of the Welfare and Institutions Code.

SEC. 9. Section 1170.76 of the Penal Code is amended to read:

1170.76. The fact that a defendant who commits or attempts to commit a violation of Section 243.4, 245, or 273.5 is or has been a member of the household of a minor or of the victim of the offense, or the defendant is a marital or blood relative of the minor or the victim, or the defendant or the victim is the natural parent, adoptive parent, stepparent, or foster parent of the minor, and the offense contemporaneously occurred in the presence of, or was witnessed by, the minor shall be considered a circumstance in aggravation of the crime in imposing a term under subdivision (b) of Section 1170.

SEC. 10. Section 1170.86 of the Penal Code is amended to read:

1170.86. Upon conviction of a felony violation of Section 220, 261, 261.5, 264.1, or 266j the fact that the felony was committed within a safe school zone, as defined in subdivision (c) of Section 626, against a victim who was a pupil currently attending school, shall be considered a circumstance in aggravation in imposing a term under subdivision (b) of Section 1170.

SEC. 11. Section 1170.89 of the Penal Code is amended to read:

1170.89. Where there is an applicable triad for an enhancement related to the possession of, being armed with, use of, or furnishing or supplying a firearm, set forth in Section 12021.5, 12022, 12022.2, 12022.3, 12022.4, 12022.5, or 12022.55 the fact that a person knew or had reason to believe that a firearm was stolen shall constitute a circumstance in aggravation of the enhancement justifying imposition of the upper term on that enhancement.

SEC. 12. Section 1524 of the Penal Code, as amended by Section 8 of Chapter 2 of the 4th Extraordinary Session of the Statutes of 2004, is amended to read:

1524. (a) A search warrant may be issued upon any of the following grounds:

(1) When the property was stolen or embezzled.

(2) When the property or things were used as the means of committing a felony.

(3) When the property or things are in the possession of any person with the intent to use them as a means of committing a public offense, or in the possession of another to whom he or she may have delivered them for the purpose of concealing them or preventing their being discovered.

(4) When the property or things to be seized consist of any item or constitute any evidence that tends to show a felony has been committed, or tends to show that a particular person has committed a felony.

(5) When the property or things to be seized consist of evidence that tends to show that sexual exploitation of a child, in violation of Section 311.3, or possession of matter depicting sexual conduct of a person under the age of 18 years, in violation of Section 311.11, has occurred or is occurring.

(6) When there is a warrant to arrest a person.

(7) When a provider of electronic communication service or remote computing service has records or evidence, as specified in Section 1524.3, showing that property was stolen or embezzled constituting a misdemeanor, or that property or things are in the possession of any person with the intent to use them as a means of committing a misdemeanor public offense, or in the possession of another to whom he or she may have delivered them for the purpose of concealing them or preventing their discovery.

(8) When the property or things to be seized include an item or any evidence that tends to show a violation of Section 3700.5 of the Labor Code, or tends to show that a particular person has violated Section 3700.5 of the Labor Code.

(b) The property or things or person or persons described in subdivision (a) may be taken on the warrant from any place, or from any person in whose possession the property or things may be.

(c) Notwithstanding subdivision (a) or (b), no search warrant shall issue for any documentary evidence in the possession or under the control of any person, who is a lawyer as defined in Section 950 of the Evidence Code, a physician as defined in Section 990 of the Evidence Code, a psychotherapist as defined in Section 1010 of the Evidence Code, or a member of the clergy as defined in Section 1030 of the Evidence Code, and who is not reasonably suspected of engaging or having engaged in criminal activity related to the documentary evidence for which a warrant is requested unless the following procedure has been complied with:

(1) At the time of the issuance of the warrant the court shall appoint a special master in accordance with subdivision (d) to accompany the person who will serve the warrant. Upon service of the warrant, the special master shall inform the party served of the specific items being sought and that the party shall have the opportunity to provide the items requested. If the party, in the judgment of the special master, fails to provide the items requested, the special master shall conduct a search for the items in the areas indicated in the search warrant.

(2) If the party who has been served states that an item or items should not be disclosed, they shall be sealed by the special master and taken to court for a hearing.

At the hearing, the party searched shall be entitled to raise any issues that may be raised pursuant to Section 1538.5 as well as a claim that the item or items are privileged, as provided by law. The hearing shall be held in the superior court. The court shall provide sufficient time for the parties to obtain counsel and make any motions or present any evidence. The hearing shall be held within three days of the service of the warrant unless the court makes a finding that the expedited hearing is impracticable. In that case the matter shall be heard at the earliest possible time.

If an item or items are taken to court for a hearing, any limitations of time prescribed in Chapter 2 (commencing with Section 799) of Title 3 of Part 2 shall be tolled from the time of the seizure until the final conclusion of the hearing, including any associated writ or appellate proceedings.

(3) The warrant shall, whenever practicable, be served during normal business hours. In addition, the warrant shall be served upon a party who appears to have possession or control of the items sought. If, after reasonable efforts, the party serving the warrant is unable to locate the person, the special master shall seal and return to the court, for determination by the court, any item that appears to be privileged as provided by law.

(d) As used in this section, a "special master" is an attorney who is a member in good standing of the California State Bar and who has been selected from a list of qualified attorneys that is maintained by the State Bar particularly for the purposes of conducting the searches described in this section. These attorneys shall serve without compensation. A special master shall be considered a public employee, and the governmental entity that caused the search warrant to be issued shall be considered the employer of the special master and the applicable public entity, for purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code, relating to claims and actions against public entities and public employees. In selecting the special master, the court shall make every reasonable effort to ensure that the person selected has no relationship with any of the parties involved in the pending matter. Any information obtained by the special master shall be confidential and may not be divulged except in direct response to inquiry by the court.

In any case in which the magistrate determines that, after reasonable efforts have been made to obtain a special master, a special master is not available and would not be available within a reasonable period of time, the magistrate may direct the party seeking the order to conduct

the search in the manner described in this section in lieu of the special master.

(e) Any search conducted pursuant to this section by a special master may be conducted in a manner that permits the party serving the warrant or his or her designee to accompany the special master as he or she conducts his or her search. However, that party or his or her designee may not participate in the search nor shall he or she examine any of the items being searched by the special master except upon agreement of the party upon whom the warrant has been served.

(f) As used in this section, "documentary evidence" includes, but is not limited to, writings, documents, blueprints, drawings, photographs, computer printouts, microfilms, X-rays, files, diagrams, ledgers, books, tapes, audio and video recordings, films or papers of any type or description.

(g) No warrant shall issue for any item or items described in Section 1070 of the Evidence Code.

(h) Notwithstanding any other law, no claim of attorney work product as described in Chapter 4 (commencing with Section 2018.010) of Title 4 of Part 4 of the Code of Civil Procedure shall be sustained where there is probable cause to believe that the lawyer is engaging or has engaged in criminal activity related to the documentary evidence for which a warrant is requested unless it is established at the hearing with respect to the documentary evidence seized under the warrant that the services of the lawyer were not sought or obtained to enable or aid anyone to commit or plan to commit a crime or a fraud.

(i) Nothing in this section is intended to limit an attorney's ability to request an in camera hearing pursuant to the holding of the Supreme Court of California in People v. Superior Court (Laff) (2001) 25 Cal.4th 703.

(j) In addition to any other circumstance permitting a magistrate to issue a warrant for a person or property in another county, when the property or things to be seized consist of any item or constitute any evidence that tends to show a violation of Section 530.5, the magistrate may issue a warrant to search a person or property located in another county if the person whose identifying information was taken or used resides in the same county as the issuing court.

SEC. 13. Section 3085.1 of the Penal Code is repealed.

SEC. 14. Section 3602 of the Penal Code is amended to read:

3602. Upon the affirmance of her appeal, the female person sentenced to death shall thereafter be delivered to the warden of the California state prison designated by the department for the execution of the death penalty, not earlier than three days before the day upon which judgment is to be executed; provided, however, that in the event of a commutation

of sentence said female prisoner shall be returned to the Central California Women's Facility, there to be confined pursuant to such commutation.

SEC. 15. Section 3700.5 of the Penal Code is amended to read:

3700.5. Whenever a court makes and causes to be entered an order appointing a day upon which a judgment of death shall be executed upon a defendant, the warden of the state prison to whom such defendant has been delivered for execution or, if the defendant is a female, the warden of the Central California Women's Facility, shall notify the Director of Corrections who shall thereupon select and appoint three alienists, all of whom must be from the medical staffs of the Department of Corrections, to examine the defendant, under the judgment of death, and investigate his or her sanity. It is the duty of the alienists so selected and appointed to examine such defendant and investigate his or her sanity, and to report their opinions and conclusions thereon, in writing, to the Governor, to the warden of the prison at which the execution is to take place, or, if the defendant is female, the warden of the Central California Women's Facility, at least 20 days prior to the day appointed for the execution of the judgment of death upon the defendant. The warden shall furnish a copy of the report to counsel for the defendant upon his or her request.

SEC. 16. Section 11105 of the Penal Code is amended to read:

11105. (a) (1) The Department of Justice shall maintain state summary criminal history information.

(2) As used in this section:

(A) "State summary criminal history information" means the master record of information compiled by the Attorney General pertaining to the identification and criminal history of any person, such as name, date of birth, physical description, fingerprints, photographs, date of arrests, arresting agencies and booking numbers, charges, dispositions, and similar data about the person.

(B) "State summary criminal history information" does not refer to records and data compiled by criminal justice agencies other than the Attorney General, nor does it refer to records of complaints to or investigations conducted by, or records of intelligence information or security procedures of, the office of the Attorney General and the Department of Justice.

(b) The Attorney General shall furnish state summary criminal history information to any of the following, if needed in the course of their duties, provided that when information is furnished to assist an agency, officer, or official of state or local government, a public utility, or any other entity, in fulfilling employment, certification, or licensing duties,

Chapter 1321 of the Statutes of 1974 and Section 432.7 of the Labor Code shall apply:

(1) The courts of the state.

(2) Peace officers of the state as defined in Section 830.1, subdivisions (a) and (e) of Section 830.2, subdivision (a) of Section 830.3, subdivisions (a) and (b) of Section 830.5, and subdivision (a) of Section 830.31.

(3) District attorneys of the state.

(4) Prosecuting city attorneys of any city within the state.

(5) Probation officers of the state.

(6) Parole officers of the state.

(7) A public defender or attorney of record when representing a person in proceedings upon a petition for a certificate of rehabilitation and pardon pursuant to Section 4852.08.

(8) A public defender or attorney of record when representing a person in a criminal case and if authorized access by statutory or decisional law.

(9) Any agency, officer, or official of the state if the criminal history information is required to implement a statute or regulation that expressly refers to specific criminal conduct applicable to the subject person of the state summary criminal history information, and contains requirements or exclusions, or both, expressly based upon that specified criminal conduct. The agency, officer, or official of the state authorized by this paragraph to receive state summary criminal history information may also transmit fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation.

(10) Any city or county, or city and county, or district, or any officer, or official thereof if access is needed in order to assist that agency, officer, or official in fulfilling employment, certification, or licensing duties, and if the access is specifically authorized by the city council, board of supervisors, or governing board of the city, county, or district if the criminal history information is required to implement a statute, ordinance, or regulation that expressly refers to specific criminal conduct applicable to the subject person of the state summary criminal history information, and contains requirements or exclusions, or both, expressly based upon that specified criminal conduct. The city or county, or city and county, or district, or the officer or official thereof authorized by this paragraph may also transmit fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation.

(11) The subject of the state summary criminal history information under procedures established under Article 5 (commencing with Section 11120) of Chapter 1 of Title 1 of Part 4.

(12) Any person or entity when access is expressly authorized by statute if the criminal history information is required to implement a statute or regulation that expressly refers to specific criminal conduct applicable to the subject person of the state summary criminal history information, and contains requirements or exclusions, or both, expressly based upon that specified criminal conduct.

(13) Health officers of a city, county, or city and county, or district, when in the performance of their official duties enforcing Section 120175 of the Health and Safety Code.

(14) Any managing or supervising correctional officer of a county jail or other county correctional facility.

(15) Any humane society, or society for the prevention of cruelty to animals, for the specific purpose of complying with Section 14502 of the Corporations Code for the appointment of level 1 humane officers.

(16) Local child support agencies established by Section 17304 of the Family Code. When a local child support agency closes a support enforcement case containing summary criminal history information, the agency shall delete or purge from the file and destroy any documents or information concerning or arising from offenses for or of which the parent has been arrested, charged, or convicted, other than for offenses related to the parent's having failed to provide support for minor children, consistent with the requirements of Section 17531 of the Family Code.

(17) County child welfare agency personnel who have been delegated the authority of county probation officers to access state summary criminal history information pursuant to Section 272 of the Welfare and Institutions Code for the purposes specified in Section 16504.5 of the Welfare and Institutions Code. Information from criminal history records provided pursuant to this subdivision shall not be used for any purposes other than those specified in this section and Section 16504.5 of the Welfare and Institutions Code. When an agency obtains records obtained both on the basis of name checks and fingerprint checks, final placement decisions shall be based only on the records obtained pursuant to the fingerprint check.

(c) The Attorney General may furnish state summary criminal history information and, when specifically authorized by this subdivision, federal level criminal history information upon a showing of a compelling need to any of the following, provided that when information is furnished to assist an agency, officer, or official of state or local government, a public utility, or any other entity, in fulfilling employment, certification, or licensing duties, Chapter 1321 of the Statutes of 1974 and Section 432.7 of the Labor Code shall apply:

(1) Any public utility as defined in Section 216 of the Public Utilities Code that operates a nuclear energy facility when access is needed in

order to assist in employing persons to work at the facility, provided that, if the Attorney General supplies the data, he or she shall furnish a copy of the data to the person to whom the data relates.

(2) To a peace officer of the state other than those included in subdivision (b).

(3) To a peace officer of another country.

(4) To public officers (other than peace officers) of the United States, other states, or possessions or territories of the United States, provided that access to records similar to state summary criminal history information is expressly authorized by a statute of the United States, other states, or possessions or territories of the United States if the information is needed for the performance of their official duties.

(5) To any person when disclosure is requested by a probation, parole, or peace officer with the consent of the subject of the state summary criminal history information and for purposes of furthering the rehabilitation of the subject.

(6) The courts of the United States, other states, or territories or possessions of the United States.

(7) Peace officers of the United States, other states, or territories or possessions of the United States.

(8) To any individual who is the subject of the record requested if needed in conjunction with an application to enter the United States or any foreign nation.

(9) (A) Any public utility as defined in Section 216 of the Public Utilities Code, or any cable corporation as defined in subparagraph (B), if receipt of criminal history information is needed in order to assist in employing current or prospective employees, contract employees, or subcontract employees who, in the course of their employment may be seeking entrance to private residences or adjacent grounds. The information provided shall be limited to the record of convictions and any arrest for which the person is released on bail or on his or her own recognizance pending trial.

If the Attorney General supplies the data pursuant to this paragraph, the Attorney General shall furnish a copy of the data to the current or prospective employee to whom the data relates.

Any information obtained from the state summary criminal history is confidential and the receiving public utility or cable corporation shall not disclose its contents, other than for the purpose for which it was acquired. The state summary criminal history information in the possession of the public utility or cable corporation and all copies made from it shall be destroyed not more than 30 days after employment or promotion or transfer is denied or granted, except for those cases where a current or prospective employee is out on bail or on his or her own

recognizance pending trial, in which case the state summary criminal history information and all copies shall be destroyed not more than 30 days after the case is resolved.

A violation of this paragraph is a misdemeanor, and shall give the current or prospective employee who is injured by the violation a cause of action against the public utility or cable corporation to recover damages proximately caused by the violations. Any public utility's or cable corporation's request for state summary criminal history information for purposes of employing current or prospective employees who may be seeking entrance to private residences or adjacent grounds in the course of their employment shall be deemed a "compelling need" as required to be shown in this subdivision.

Nothing in this section shall be construed as imposing any duty upon public utilities or cable corporations to request state summary criminal history information on any current or prospective employees.

(B) For purposes of this paragraph, "cable corporation" means any corporation or firm that transmits or provides television, computer, or telephone services by cable, digital, fiber optic, satellite, or comparable technology to subscribers for a fee.

(C) Requests for federal level criminal history information received by the Department of Justice from entities authorized pursuant to subparagraph (A) shall be forwarded to the Federal Bureau of Investigation by the Department of Justice. Federal level criminal history information received or compiled by the Department of Justice may then be disseminated to the entities referenced in subparagraph (A), as authorized by law.

(D) (i) Authority for a cable corporation to request state or federal level criminal history information under this paragraph shall commence July 1, 2005.

(ii) Authority for a public utility to request federal level criminal history information under this paragraph shall commence July 1, 2005.

(10) To any campus of the California State University or the University of California, or any four-year college or university accredited by a regional accreditation organization approved by the United States Department of Education, if needed in conjunction with an application for admission by a convicted felon to any special education program for convicted felons, including, but not limited to, university alternatives and halfway houses. Only conviction information shall be furnished. The college or university may require the convicted felon to be fingerprinted, and any inquiry to the department under this section shall include the convicted felon's fingerprints and any other information specified by the department.

(d) Whenever an authorized request for state summary criminal history information pertains to a person whose fingerprints are on file with the Department of Justice and the department has no criminal history of that person, and the information is to be used for employment, licensing, or certification purposes, the fingerprint card accompanying the request for information, if any, may be stamped "no criminal record" and returned to the person or entity making the request.

(e) Whenever state summary criminal history information is furnished as the result of an application and is to be used for employment, licensing, or certification purposes, the Department of Justice may charge the person or entity making the request a fee that it determines to be sufficient to reimburse the department for the cost of furnishing the information. In addition, the Department of Justice may add a surcharge to the fee to fund maintenance and improvements to the systems from which the information is obtained. Notwithstanding any other law, any person or entity required to pay a fee to the department for information received under this section may charge the applicant a fee sufficient to reimburse the person or entity for this expense. All moneys received by the department pursuant to this section, Sections 11105.3 and 12054 of the Penal Code, and Section 13588 of the Education Code shall be deposited in a special account in the General Fund to be available for expenditure by the department to offset costs incurred pursuant to those sections and for maintenance and improvements to the systems from which the information is obtained upon appropriation by the Legislature.

(f) Whenever there is a conflict, the processing of criminal fingerprints and fingerprints of applicants for security guard or alarm agent registrations or firearms qualification permits submitted pursuant to Section 7583.9, 7583.23, 7596.3, or 7598.4 of the Business and Professions Code shall take priority over the processing of other applicant fingerprints.

(g) It is not a violation of this section to disseminate statistical or research information obtained from a record, provided that the identity of the subject of the record is not disclosed.

(h) It is not a violation of this section to include information obtained from a record in (1) a transcript or record of a judicial or administrative proceeding or (2) any other public record if the inclusion of the information in the public record is authorized by a court, statute, or decisional law.

(i) Notwithstanding any other law, the Department of Justice or any state or local law enforcement agency may require the submission of fingerprints for the purpose of conducting summary criminal history information checks that are authorized by law.

(j) The state summary criminal history information shall include any finding of mental incompetence pursuant to Chapter 6 (commencing with Section 1367) of Title 10 of Part 2 arising out of a complaint charging a felony offense specified in Section 290.

(k) (1) This subdivision shall apply whenever state or federal summary criminal history information is furnished by the Department of Justice as the result of an application by an authorized agency or organization and the information is to be used for peace officer employment or certification purposes. As used in this subdivision, a peace officer is defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2.

(2) Notwithstanding any other provision of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction rendered against the applicant.

(B) Every arrest for an offense for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(C) Every arrest or detention, except for an arrest or detention resulting in an exoneration, provided, however, that where the records of the Department of Justice do not contain a disposition for the arrest, the Department of Justice first makes a genuine effort to determine the disposition of the arrest.

(D) Every successful diversion.

(*l*) (1) This subdivision shall apply whenever state or federal summary criminal history information is furnished by the Department of Justice as the result of an application by a criminal justice agency or organization as defined in Section 13101 of the Penal Code, and the information is to be used for criminal justice employment, licensing, or certification purposes.

(2) Notwithstanding any other provision of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction rendered against the applicant.

(B) Every arrest for an offense for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(C) Every arrest for an offense for which the records of the Department of Justice do not contain a disposition or did not result in a conviction, provided that the Department of Justice first makes a genuine effort to determine the disposition of the arrest. However, information concerning

an arrest shall not be disclosed if the records of the Department of Justice indicate or if the genuine effort reveals that the subject was exonerated, successfully completed a diversion or deferred entry of judgment program, or the arrest was deemed a detention.

(m) (1) This subdivision shall apply whenever state or federal summary criminal history information is furnished by the Department of Justice as the result of an application by an authorized agency or organization pursuant to Section 1522, 1568.09, 1569.17, or 1596.871 of the Health and Safety Code, or any statute that incorporates the criteria of any of those sections or this subdivision by reference, and the information is to be used for employment, licensing, or certification purposes.

(2) Notwithstanding any other provision of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction of an offense rendered against the applicant.

(B) Every arrest for an offense for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(C) Every arrest for an offense for which the Department of Social Services is required by paragraph (1) of subdivision (a) of Section 1522 of the Health and Safety Code to determine if an applicant has been arrested. However, if the records of the Department of Justice do not contain a disposition for an arrest, the Department of Justice shall first make a genuine effort to determine the disposition of the arrest.

(3) Notwithstanding the requirements of the sections referenced in paragraph (1) of this subdivision, the Department of Justice shall not disseminate information about an arrest subsequently deemed a detention or an arrest that resulted in either the successful completion of a diversion program or exoneration.

(n) (1) This subdivision shall apply whenever state or federal summary criminal history information, to be used for employment, licensing, or certification purposes, is furnished by the Department of Justice as the result of an application by an authorized agency, organization, or individual pursuant to any of the following:

(A) Paragraph (9) of subdivision (c), when the information is to be used by a cable corporation.

(B) Section 11105.3 or 11105.4.

(C) Section 15660 of the Welfare and Institutions Code.

(D) Any statute that incorporates the criteria of any of the statutory provisions listed in subparagraph (A), (B), or (C), or of this subdivision, by reference.

(2) With the exception of applications submitted by transportation companies authorized pursuant to Section 11105.3, and notwithstanding any other provision of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction rendered against the applicant for a violation or attempted violation of any offense specified in subdivision (a) of Section 15660 of the Welfare and Institutions Code. However, with the exception of those offenses for which registration is required pursuant to Section 290, the Department of Justice shall not disseminate information pursuant to this subdivision unless the conviction occurred within 10 years of the date of the agency's request for information or the conviction is over 10 years old but the subject of the request was incarcerated within 10 years of the agency's request for information.

(B) Every arrest for a violation or attempted violation of an offense specified in subdivision (a) of Section 15660 of the Welfare and Institutions Code for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(o) (1) This subdivision shall apply whenever state or federal summary criminal history information is furnished by the Department of Justice as the result of an application by an authorized agency or organization pursuant to Section 261, 777.5, 4990, 6525, or 14409.2, of the Financial Code, or any statute that incorporates the criteria of either of those sections or this subdivision by reference, and the information is to be used for employment, licensing, or certification purposes.

(2) Notwithstanding any other provision of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction rendered against the applicant for a violation or attempted violation of any offense specified in Section 777.5 of the Financial Code.

(B) Every arrest for a violation or attempted violation of an offense specified in Section 777.5 of the Financial Code for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(p) (1) This subdivision shall apply whenever state or federal criminal history information is furnished by the Department of Justice as the result of an application by an agency, organization, or individual not defined in subdivision (k), (*l*), (m), (n), or (o), or by a transportation company authorized pursuant to Section 11105.3, or any statute that incorporates the criteria of that section or this subdivision by reference, and the

information is to be used for employment, licensing, or certification purposes.

(2) Notwithstanding any other provisions of law, whenever state summary criminal history information is furnished pursuant to paragraph (1), the Department of Justice shall disseminate the following information:

(A) Every conviction rendered against the applicant.

(B) Every arrest for an offense for which the applicant is presently awaiting trial, whether the applicant is incarcerated or has been released on bail or on his or her own recognizance pending trial.

(q) All agencies, organizations, or individuals defined in subdivisions (k), (*l*), (m), (n), (o), and (p) may contract with the Department of Justice for subsequent arrest notification pursuant to Section 11105.2. This subdivision shall not supersede sections that mandate an agency, organization, or individual to contract with the Department of Justice for subsequent arrest notification pursuant to Section 11105.2.

(r) Nothing in this section shall be construed to mean that the Department of Justice shall cease compliance with any other statutory notification requirements.

(s) The provisions of Section 50.12 of Title 28 of the Code of Federal Regulations are to be followed in processing federal criminal history information.

SEC. 17. Section 11167 of the Penal Code is amended to read:

11167. (a) Reports of suspected child abuse or neglect pursuant to Section 11166 shall include the name, business address, and telephone number of the mandated reporter; the capacity that makes the person a mandated reporter; and the information that gave rise to the reasonable suspicion of child abuse or neglect and the source or sources of that information. If a report is made, the following information, if known, shall also be included in the report: the child's name, the child's address, present location, and, if applicable, school, grade, and class; the names, addresses, and telephone numbers of the child's parents or guardians; and the name, address, telephone number, and other relevant personal information about the person or persons who might have abused or neglected the child. The mandated reporter shall make a report even if some of this information is not known or is uncertain to him or her.

(b) Information relevant to the incident of child abuse or neglect may be given to an investigator from an agency that is investigating the known or suspected case of child abuse or neglect.

(c) Information relevant to the incident of child abuse or neglect, including the investigation report and other pertinent materials, may be given to the licensing agency when it is investigating a known or suspected case of child abuse or neglect.

(d) (1) The identity of all persons who report under this article shall be confidential and disclosed only among agencies receiving or investigating mandated reports, to the prosecutor in a criminal prosecution or in an action initiated under Section 602 of the Welfare and Institutions Code arising from alleged child abuse, or to counsel appointed pursuant to subdivision (c) of Section 317 of the Welfare and Institutions Code, or to the county counsel or prosecutor in a proceeding under Part 4 (commencing with Section 7800) of Division 12 of the Family Code or Section 300 of the Welfare and Institutions Code, or to a licensing agency when abuse or neglect in out-of-home care is reasonably suspected, or when those persons waive confidentiality, or by court order.

(2) No agency or person listed in this subdivision shall disclose the identity of any person who reports under this article to that person's employer, except with the employee's consent or by court order.

(e) Notwithstanding the confidentiality requirements of this section, a representative of a child protective services agency performing an investigation that results from a report of suspected child abuse or neglect made pursuant to Section 11166, at the time of the initial contact with the individual who is subject to the investigation, shall advise the individual of the complaints or allegations against him or her, in a manner that is consistent with laws protecting the identity of the reporter under this article.

(f) Persons who may report pursuant to subdivision (f) of Section 11166 are not required to include their names.

SEC. 18. Section 11170 of the Penal Code is amended to read:

11170. (a) (1) The Department of Justice shall maintain an index of all reports of child abuse and severe neglect submitted pursuant to Section 11169. The index shall be continually updated by the department and shall not contain any reports that are determined to be unfounded. The department may adopt rules governing recordkeeping and reporting pursuant to this article.

(2) The department shall act only as a repository of reports of suspected child abuse and severe neglect to be maintained in the Child Abuse Central Index pursuant to paragraph (1). The submitting agencies are responsible for the accuracy, completeness, and retention of the reports described in this section. The department shall be responsible for ensuring that the Child Abuse Central Index accurately reflects the report it receives from the submitting agency.

(3) Information from an inconclusive or unsubstantiated report filed pursuant to subdivision (a) of Section 11169 shall be deleted from the Child Abuse Central Index after 10 years if no subsequent report concerning the same suspected child abuser is received within that time period. If a subsequent report is received within that 10-year period,

information from any prior report, as well as any subsequently filed report, shall be maintained on the Child Abuse Central Index for a period of 10 years from the time the most recent report is received by the department.

(b) (1) The Department of Justice shall immediately notify an agency that submits a report pursuant to Section 11169, or a prosecutor who requests notification, of any information maintained pursuant to subdivision (a) that is relevant to the known or suspected instance of child abuse or severe neglect reported by the agency. The agency shall make that information available to the reporting medical practitioner, child custodian, guardian ad litem appointed under Section 326, or counsel appointed under Section 317 or 318 of the Welfare and Institutions Code, or the appropriate licensing agency, if he or she is treating or investigating a case of known or suspected child abuse or severe neglect.

(2) When a report is made pursuant to subdivision (a) of Section 11166, the investigating agency, upon completion of the investigation or after there has been a final disposition in the matter, shall inform the person required to report of the results of the investigation and of any action the agency is taking with regard to the child or family.

(3) The Department of Justice shall make available to a law enforcement agency, county welfare department, or county probation department that is conducting a child abuse investigation relevant information contained in the index.

(4) The department shall make available to the State Department of Social Services or to any county licensing agency that has contracted with the state for the performance of licensing duties information regarding a known or suspected child abuser maintained pursuant to this section and subdivision (a) of Section 11169 concerning any person who is an applicant for licensure or any adult who resides or is employed in the home of an applicant for licensure or who is an applicant for employment in a position having supervisorial or disciplinary power over a child or children, or who will provide 24-hour care for a child or children in a residential home or facility, pursuant to Section 1522.1 or 1596.877 of the Health and Safety Code, or Section 8714, 8802, 8912, or 9000 of the Family Code.

(5) For purposes of child death review, the Department of Justice shall make available to the chairperson, or the chairperson's designee, for each county child death review team, or the State Child Death Review Council, information maintained in the Child Abuse Central Index pursuant to subdivision (a) of Section 11170 relating to the death of one or more children and any prior child abuse or neglect investigation reports maintained involving the same victims, siblings, or suspects. Local child

death review teams may share any relevant information regarding case reviews involving child death with other child death review teams.

(6) The department shall make available to investigative agencies or probation officers, or court investigators acting pursuant to Section 1513 of the Probate Code, responsible for placing children or assessing the possible placement of children pursuant to Article 6 (commencing with Section 300), Article 7 (commencing with Section 305), Article 10 (commencing with Section 360), or Article 14 (commencing with Section 601) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, Article 2 (commencing with Section 1510) or Article 3 (commencing with Section 1540) of Chapter 1 of Part 2 of Division 4 of the Probate Code, information regarding a known or suspected child abuser contained in the index concerning any adult residing in the home where the child may be placed, when this information is requested for purposes of ensuring that the placement is in the best interests of the child. Upon receipt of relevant information concerning child abuse or neglect investigation reports contained in the index from the Department of Justice pursuant to this subdivision, the agency or court investigator shall notify, in writing, the person listed in the Child Abuse Central Index that he or she is in the index. The notification shall include the name of the reporting agency and the date of the report.

(7) The Department of Justice shall make available to a government agency conducting a background investigation pursuant to Section 1031 of the Government Code of an applicant seeking employment as a peace officer, as defined in Section 830, information regarding a known or suspected child abuser maintained pursuant to this section concerning the applicant.

(8) (A) Persons or agencies, as specified in subdivision (b), if investigating a case of known or suspected child abuse or neglect, or the State Department of Social Services or any county licensing agency pursuant to paragraph (4), or an investigative agency, probation officer, or court investigator responsible for placing children or assessing the possible placement of children pursuant to paragraph (6), or a government agency conducting a background investigation of an applicant seeking employment as a peace officer pursuant to paragraph (7), to whom disclosure of any information maintained pursuant to subdivision (a) is authorized, are responsible for obtaining the original investigative report from the reporting agency, and for drawing independent conclusions regarding the quality of the evidence disclosed, and its sufficiency for making decisions regarding investigation, prosecution, licensing, placement of a child, or employment as a peace officer.

(B) If Child Abuse Central Index information is requested by an agency for the temporary placement of a child in an emergency situation

pursuant to Article 7 (commencing with Section 305) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, the department is exempt from the requirements of Section 1798.18 of the Civil Code if compliance would cause a delay in providing an expedited response to the agency's inquiry and if further delay in placement may be detrimental to the child.

(9) (A) Whenever information contained in the Department of Justice files is furnished as the result of an application for employment or licensing pursuant to paragraph (4) or (7), the Department of Justice may charge the person or entity making the request a fee. The fee shall not exceed the reasonable costs to the department of providing the information. The only increase shall be at a rate not to exceed the legislatively approved cost-of-living adjustment for the department. In no case shall the fee exceed fifteen dollars ($15).

(B) All moneys received by the department pursuant to this section to process trustline applications for purposes of Chapter 3.35 (commencing with Section 1596.60) of Division 2 of the Health and Safety Code shall be deposited in a special account in the General Fund that is hereby established and named the Department of Justice Child Abuse Fund. Moneys in the fund shall be available, upon appropriation by the Legislature, for expenditure by the department to offset the costs incurred to process trustline automated child abuse or neglect system checks pursuant to this section.

(C) All moneys, other than that described in subparagraph (B), received by the department pursuant to this paragraph shall be deposited in a special account in the General Fund which is hereby created and named the Department of Justice Sexual Habitual Offender Fund. The funds shall be available, upon appropriation by the Legislature, for expenditure by the department to offset the costs incurred pursuant to Chapter 9.5 (commencing with Section 13885) and Chapter 10 (commencing with Section 13890) of Title 6 of Part 4, and the DNA and Forensic Identification Data Base and Data Bank Act of 1998 (Chapter 6 (commencing with Section 295) of Title 9 of Part 1), and for maintenance and improvements to the statewide Sexual Habitual Offender Program and the DNA offender identification file (CAL-DNA) authorized by Chapter 9.5 (commencing with Section 13885) of Title 6 of Part 4 and the DNA and Forensic Identification Data Base and Data Bank Act of 1998 (Chapter 6 (commencing with Section 295) of Title 9 of Part 1).

(c) The Department of Justice shall make available to any agency responsible for placing children pursuant to Article 7 (commencing with Section 305) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, upon request, relevant information concerning child

abuse or neglect reports contained in the index, when making a placement with a responsible relative pursuant to Sections 281.5, 305, and 361.3 of the Welfare and Institutions Code. Upon receipt of relevant information concerning child abuse or neglect reports contained in the index from the Department of Justice pursuant to this subdivision, the agency shall also notify in writing the person listed in the Child Abuse Central Index that he or she is in the index. The notification shall include the location of the original investigative report and the submitting agency. The notification shall be submitted to the person listed at the same time that all other parties are notified of the information, and no later than the actual judicial proceeding that determines placement.

If Child Abuse Central Index information is requested by an agency for the placement of a child with a responsible relative in an emergency situation pursuant to Article 7 (commencing with Section 305) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, the department is exempt from the requirements of Section 1798.18 of the Civil Code if compliance would cause a delay in providing an expedited response to the child protective agency's inquiry and if further delay in placement may be detrimental to the child.

(d) The department shall make available any information maintained pursuant to subdivision (a) to out-of-state law enforcement agencies conducting investigations of known or suspected child abuse or neglect only when an agency makes the request for information in writing and on official letterhead, identifying the suspected abuser or victim by name. The request shall be signed by the department supervisor of the requesting law enforcement agency. The written requests shall cite the out-of-state statute or interstate compact provision that requires that the information contained within these reports shall be disclosed only to law enforcement, prosecutorial entities, or multidisciplinary investigative teams, and shall cite the criminal penalties for unlawful disclosure of any confidential information provided by the requesting state or the applicable interstate compact provision. In the absence of a specified out-of-state statute or interstate compact provision that requires that the information contained within these reports shall be disclosed only to law enforcement, prosecutorial entities, or multidisciplinary investigative teams, and criminal penalties equivalent to the penalties in California for unlawful disclosure, access shall be denied.

(e) (1) Any person may determine if he or she is listed in the Child Abuse Central Index by making a request in writing to the Department of Justice. The request shall be notarized and include the person's name, address, date of birth, and either a social security number or a California identification number. Upon receipt of a notarized request, the Department of Justice shall make available to the requesting person

information identifying the date of the report and the submitting agency. The requesting person is responsible for obtaining the investigative report from the submitting agency pursuant to paragraph (11) of subdivision (b) of Section 11167.5.

(2) No person or agency shall require or request another person to furnish a copy of a record concerning himself or herself, or notification that a record concerning himself or herself exists or does not exist, pursuant to paragraph (1) of this subdivision.

(f) If a person is listed in the Child Abuse Central Index only as a victim of child abuse or neglect, and that person is 18 years of age or older, that person may have his or her name removed from the index by making a written request to the Department of Justice. The request shall be notarized and include the person's name, address, social security number, and date of birth.

SEC. 19. Section 12555 of the Penal Code is amended to read:

12555. (a) Any person who, for commercial purposes, purchases, sells, manufactures, ships, transports, distributes, or receives, by mail order or in any other manner, an imitation firearm except as authorized by this section shall be liable for a civil fine in an action brought by the city attorney or the district attorney of not more than ten thousand dollars ($10,000) for each violation.

(b) The manufacture, purchase, sale, shipping, transport, distribution, or receipt, by mail or in any other manner, of imitation firearms is authorized if the device is manufactured, purchased, sold, shipped, transported, distributed, or received for any of the following purposes:

(1) Solely for export in interstate or foreign commerce.

(2) Solely for lawful use in theatrical productions, including motion picture, television, and stage productions.

(3) For use in a certified or regulated sporting event or competition.

(4) For use in military or civil defense activities, or ceremonial activities.

(5) For public displays authorized by public or private schools.

(c) As used in this section, "imitation firearm" does not include any of the following:

(1) A nonfiring collector's replica that is historically significant, and is offered for sale in conjunction with a wall plaque or presentation case.

(2) A BB device, as defined in subdivision (g) of Section 12001.

(3) A device where the entire exterior surface of the device is white, bright red, bright orange, bright yellow, bright green, bright blue, bright pink, or bright purple, either singly or as the predominant color in combination with other colors in any pattern, as provided by federal regulations governing imitation firearms, or where the entire device is constructed of transparent or translucent materials which permits

unmistakable observation of the device's complete contents, as provided by federal regulations governing imitation firearms.

SEC. 20. Section 13851 of the Penal Code is amended to read:

13851. (a) There is hereby established in the agency or agencies designated by the Director of Finance pursuant to Section 13820 a program of financial, training, and technical assistance for local law enforcement, called the California Career Criminal Apprehension Program. All funds made available to the agency or agencies designated by the Director of Finance pursuant to Section 13820 for the purposes of this chapter shall be administered and disbursed by the executive director of the agency or agencies designated by the Director of Finance pursuant to Section 13820.

(b) The executive director is authorized to allocate and award funds to those local units of government or combinations thereof, in which a special program is established in law enforcement agencies that meets the criteria set forth in Sections 13852 and 13853.

(c) The allocation and award of funds shall be made upon application executed by the chief law enforcement officer of the applicant unit of government and approved by the legislative body. Funds disbursed under this chapter shall not supplant local funds that would, in the absence of the California Career Criminal Apprehension Program, be made available to support the apprehension of multiple or repeat felony criminal offenders.

(d) The executive director of the agency or agencies designated by the Director of Finance pursuant to Section 13820 shall prepare and issue administrative guidelines and procedures for the California Career Criminal Apprehension Program consistent with this chapter.

(e) These guidelines shall set forth the terms and conditions upon which the agency or agencies designated by the Director of Finance pursuant to Section 13820 is prepared to offer grants of funds pursuant to statutory authority. The guidelines do not constitute rules, regulations, orders or standards of general application.

SEC. 21. Section 13353 of the Vehicle Code is amended to read:

13353. (a) If a person refuses the officer's request to submit to, or fails to complete, a chemical test or tests pursuant to Section 23612, upon receipt of the officer's sworn statement that the officer had reasonable cause to believe the person had been driving a motor vehicle in violation of Section 23140, 23152, or 23153, and that the person had refused to submit to, or did not complete, the test or tests after being requested by the officer, the department shall do one of the following:

(1) Suspend the person's privilege to operate a motor vehicle for a period of one year.

(2) Revoke the person's privilege to operate a motor vehicle for a period of two years if the refusal occurred within 10 years of either (A) a separate violation of Section 23103 as specified in Section 23103.5, or of Section 23140, 23152, or 23153, or of Section 191.5 or paragraph (3) of subdivision (c) of Section 192 of the Penal Code, that resulted in a conviction, or (B) a suspension or revocation of the person's privilege to operate a motor vehicle pursuant to this section or Section 13353.2 for an offense that occurred on a separate occasion.

(3) Revoke the person's privilege to operate a motor vehicle for a period of three years if the refusal occurred within 10 years of any of the following:

(A) Two or more separate violations of Section 23103 as specified in Section 23103.5, or of Section 23140, 23152, or 23153, or of Section 191.5 or paragraph (3) of subdivision (c) of Section 192 of the Penal Code, or any combination thereof, that resulted in convictions.

(B) Two or more suspensions or revocations of the person's privilege to operate a motor vehicle pursuant to this section or Section 13353.2 for offenses that occurred on separate occasions.

(C) Any combination of two or more of those convictions or administrative suspensions or revocations.

The officer's sworn statement shall be submitted pursuant to Section 13380 on a form furnished or approved by the department. The suspension or revocation shall not become effective until 30 days after the giving of written notice thereof, or until the end of any stay of the suspension or revocation, as provided for in Section 13558.

(D) For the purposes of this section, a conviction of any offense in any state, territory, or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or the Dominion of Canada that, if committed in this state, would be a violation of Section 23103, as specified in Section 23103.5, or Section 23140, 23152, or 23153, or Section 191.5 or paragraph (3) of subdivision (c) of Section 192 of the Penal Code, is a conviction of that particular section of the Vehicle Code or Penal Code.

(b) If a person on more than one occasion in separate incidents refuses the officer's request to submit to, or fails to complete, a chemical test or tests pursuant to Section 23612 while driving a motor vehicle, upon the receipt of the officer's sworn statement that the officer had reasonable cause to believe the person had been driving a motor vehicle in violation of Section 23140, 23152, or 23153, the department shall disqualify the person from operating a commercial motor vehicle for the rest of his or her lifetime.

(c) The notice of the order of suspension or revocation under this section shall be served on the person by a peace officer pursuant to

Section 23612. The notice of the order of suspension or revocation shall be on a form provided by the department. If the notice of the order of suspension or revocation has not been served by the peace officer pursuant to Section 23612, the department immediately shall notify the person in writing of the action taken. The peace officer who serves the notice, or the department, if applicable, also shall provide, if the officer or department, as the case may be, determines that it is necessary to do so, the person with the appropriate non-English notice developed pursuant to subdivision (d) of Section 14100.

(d) Upon the receipt of the officer's sworn statement, the department shall review the record. For purposes of this section, the scope of the administrative review shall cover all of the following issues:

(1) Whether the peace officer had reasonable cause to believe the person had been driving a motor vehicle in violation of Section 23140, 23152, or 23153.

(2) Whether the person was placed under arrest.

(3) Whether the person refused to submit to, or did not complete, the test or tests after being requested by a peace officer.

(4) Whether, except for a person described in subdivision (a) of Section 23612 who is incapable of refusing, the person had been told that his or her driving privilege would be suspended or revoked if he or she refused to submit to, or did not complete, the test or tests.

(e) The person may request an administrative hearing pursuant to Section 13558. Except as provided in subdivision (e) of Section 13558, the request for an administrative hearing does not stay the order of suspension or revocation.

(f) The suspension or revocation imposed under this section shall run concurrently with any restriction, suspension, or revocation imposed under Section 13352, 13352.4, or 13352.5 that resulted from the same arrest.

(g) This section shall become operative on September 20, 2005.

SEC. 22. Section 14601.2 of the Vehicle Code is amended to read:

14601.2. (a) No person shall drive a motor vehicle at any time when that person's driving privilege is suspended or revoked for a conviction of a violation of Section 23152 or 23153 if the person so driving has knowledge of the suspension or revocation.

(b) Except in full compliance with the restriction, no person shall drive a motor vehicle at any time when that person's driving privilege is restricted, if the person so driving has knowledge of the restriction.

(c) Knowledge of suspension or revocation of the driving privilege shall be conclusively presumed if mailed notice has been given by the department to the person pursuant to Section 13106. Knowledge of restriction of the driving privilege shall be presumed if notice has been

given by the court to the person. The presumption established by this subdivision is a presumption affecting the burden of proof.

(d) Any person convicted of a violation of this section shall be punished as follows:

(1) Upon a first conviction, by imprisonment in the county jail for not less than 10 days or more than six months and by a fine of not less than three hundred dollars ($300) or more than one thousand dollars ($1,000), unless the person has been designated an habitual traffic offender under subdivision (b) of Section 23546, subdivision (b) of Section 23550, or subdivision (d) of Section 23550.5, in which case the person, in addition, shall be sentenced as provided in paragraph (3) of subdivision (e) of Section 14601.3.

(2) If the offense occurred within five years of a prior offense that resulted in a conviction of a violation of this section or Section 14601, 14601.1, or 14601.5, by imprisonment in the county jail for not less than 30 days or more than one year and by a fine of not less than five hundred dollars ($500) or more than two thousand dollars ($2,000), unless the person has been designated an habitual traffic offender under subdivision (b) of Section 23546, subdivision (b) of Section 23550, or subdivision (d) of Section 23550.5, in which case the person, in addition, shall be sentenced as provided in paragraph (3) of subdivision (e) of Section 14601.3.

(e) If a person is convicted of a first offense under this section and is granted probation, the court shall impose as a condition of probation that the person be confined in the county jail for at least 10 days.

(f) If the offense occurred within five years of a prior offense that resulted in a conviction of a violation of this section or Section 14601, 14601.1, or 14601.5 and is granted probation, the court shall impose as a condition of probation that the person be confined in the county jail for at least 30 days.

(g) If any person is convicted of a second or subsequent offense that results in a conviction of this section within seven years, but over five years, of a prior offense that resulted in a conviction of a violation of this section or Section 14601, 14601.1, or 14601.5 and is granted probation, the court shall impose as a condition of probation that the person be confined in the county jail for at least 10 days.

(h) Pursuant to Section 23575, the court shall require any person convicted of a violation of this section to install a certified ignition interlock device on any vehicle the person owns or operates.

(i) Nothing in this section prohibits a person who is participating in, or has completed, an alcohol or drug rehabilitation program from driving a motor vehicle that is owned or utilized by the person's employer, during the course of employment on private property that is owned or utilized

by the employer, except an offstreet parking facility as defined in subdivision (c) of Section 12500.

(j) This section also applies to the operation of an off-highway motor vehicle on those lands to which the Chappie-Z'berg Off-Highway Motor Vehicle Law of 1971 (Division 16.5 (commencing with Section 38000)) applies as to off-highway motor vehicles, as described in Section 38001.

(k) This section shall become operative on September 20, 2005.

SEC. 23. Section 22358.4 of the Vehicle Code is amended to read:

22358.4. Whenever a local authority determines upon the basis of an engineering and traffic survey that the prima facie speed limit of 25 miles per hour established by paragraph (2) of subdivision (a) of Section 22352 is more than is reasonable or safe, the local authority may, by ordinance or resolution, determine and declare a prima facie speed limit of 20 or 15 miles per hour, whichever is justified as the appropriate speed limit by that survey. The ordinance or resolution shall not be effective until appropriate signs giving notice of the speed limit are erected upon the highway and, in the case of a state highway, until the ordinance is approved by the Department of Transportation and the appropriate signs are erected upon the highway.

SEC. 24. Section 23593 of the Vehicle Code is amended to read:

23593. (a) The court shall advise a person convicted of a violation of Section 23103, as specified in Section 23103.5, or a violation of Section 23152 or 23153, as follows:

"You are hereby advised that being under the influence of alcohol or drugs, or both, impairs your ability to safely operate a motor vehicle. Therefore, it is extremely dangerous to human life to drive while under the influence of alcohol or drugs, or both. If you continue to drive while under the influence of alcohol or drugs, or both, and, as a result of that driving, someone is killed, you can be charged with murder."

(b) The advisory statement may be included in a plea form, if used, or the fact that the advice was given may be specified on the record.

(c) The court shall include on the abstract of the conviction or violation submitted to the department under Section 1803 or 1816, the fact that the person has been advised as required under subdivision (a).

SEC. 25. Any section of any act, except Senate Bill 1107, enacted by the Legislature during the 2005 calendar year that takes effect on or before January 1, 2006, and that amends, amends and renumbers, adds, repeals and adds, or repeals any one or more of the sections affected by this act, shall prevail over this act, whether this act is enacted prior to, or subsequent to, the enactment of this act. The repeal, or repeal and addition, of any article, chapter, part, title, or division of any code by this act shall not become operative if any section of any other act that is

enacted by the Legislature during the 2005 calendar year and takes effect on or before January 1, 2006, amends, amends and renumbers, adds, repeals and adds, or repeals any section contained in that article, chapter, part, title, or division.

CHAPTER 280

An act to amend Sections 5515, 7028.13, 7065.05, 7071.6, 7071.11, 7071.12, 7073, 7085, and 7110.5 of the Business and Professions Code, and to amend Section 19830 of the Health and Safety Code, relating to professions and vocations.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 5515 of the Business and Professions Code is amended to read:

5515. Every person appointed shall serve for four years and until the appointment and qualification of his or her successor or until one year shall have elapsed since the expiration of the term for which he or she was appointed, whichever first occurs.

No person shall serve as a member of the board for more than two consecutive terms.

Vacancies occurring prior to the expiration of the term shall be filled by appointment for the unexpired term.

Each appointment shall expire on June 30 of the fourth year following the year in which the previous term expired.

The Governor shall appoint three of the public members and the five licensed members qualified as provided in Section 5514. The Senate Rules Committee and the Speaker of the Assembly shall each appoint a public member.

SEC. 2. Section 7028.13 of the Business and Professions Code is amended to read:

7028.13. (a) After the exhaustion of the review procedures provided for in Sections 7028.10 to 7028.12, inclusive, the registrar may apply to the appropriate superior court for a judgment in the amount of the civil penalty and an order compelling the cited person to comply with the order of abatement. The application, which shall include a certified copy of the final order of the registrar, shall constitute a sufficient showing to warrant the issuance of the judgment and order. If the cited person

did not appeal the citation, a certified copy of the citation and proof of service, and a certification that the person cited is not or was not a licensed contractor or applicant for a license at the time of issuance of the citation, shall constitute a sufficient showing to warrant the issuance of the judgment and order.

(b) Notwithstanding any other provision of law, the registrar may delegate the collection of the civil penalty for any citation issued to any person or entity legally authorized to engage in collections. Costs of collection shall be borne by the person cited. The registrar shall not delegate the authority to enforce the order of abatement.

(c) Notwithstanding any other provision of law, the registrar shall have the authority to assign the rights to the civil penalty, or a portion thereof, for adequate consideration. The assignee and the registrar shall have all the rights afforded under the ordinary laws of assignment of rights and delegation of duties. The registrar shall not assign the order of abatement. The assignee may apply to the appropriate superior court for a judgment based upon the assigned rights upon the same evidentiary showing as set forth in subdivision (a).

(d) Notwithstanding any other provision of law, including subdivisions (a) and (b) of Section 340 of the Code of Civil Procedure, the registrar or his or her designee or assignee shall have four years from the date of the final order to collect civil penalties except that the registrar or his or her designee or assignee shall have 10 years from the date of the judgment to enforce civil penalties on citations that have been converted to judgments through the process described in subdivisions (a) and (c).

SEC. 3. Section 7065.05 of the Business and Professions Code is amended to read:

7065.05. The board shall periodically review and, if needed, revise the contents of qualifying examinations to insure that the examination questions are timely and relevant to the business of contracting. The board shall, in addition, construct and conduct examinations in such a manner as to preclude the possibility of any applicant having prior knowledge of any specific examination question.

SEC. 4. Section 7071.6 of the Business and Professions Code is amended to read:

7071.6. (a) The board shall require as a condition precedent to the issuance, reinstatement, reactivation, renewal, or continued maintenance of a license, that the applicant or licensee file or have on file a contractor's bond in the sum of ten thousand dollars ($10,000), regardless of the classification. However, on and after January 1, 2007, the sum of the bond that an applicant or licensee is required to have on file shall be twelve thousand five hundred dollars ($12,500).

(b) Excluding the claims brought by the beneficiaries specified in subdivision (a) of Section 7071.5, the aggregate liability of a surety on claims brought against a bond required by this section shall not exceed the sum of seven thousand five hundred dollars ($7,500). The bond proceeds in excess of seven thousand five hundred dollars ($7,500) shall be reserved exclusively for the claims of the beneficiaries specified in subdivision (a) of Section 7071.5. However, nothing in this section shall be construed so as to prevent any beneficiary specified in subdivision (a) of Section 7071.5 from claiming or recovering the full measure of the bond required by this section.

(c) No bond shall be required of a holder of a license that has been inactivated on the official records of the board during the period the license is inactive.

(d) Notwithstanding any other provision of law, as a condition precedent to licensure, the board may require an applicant to post a contractor's bond in twice the amount required pursuant to subdivision (a) until the time that the license is renewed, under the following conditions:

(1) The applicant has either been convicted of a violation of Section 7028 or has been cited pursuant to Section 7028.7.

(2) If the applicant has been cited pursuant to Section 7028.7, the citation has been reduced to a final order of the registrar.

(3) The violation of Section 7028, or the basis for the citation issued pursuant to Section 7028.7, constituted a substantial injury to the public.

SEC. 5. Section 7071.11 of the Business and Professions Code is amended to read:

7071.11. (a) The aggregate liability of a surety on a claim for wages and fringe benefits brought against any bond required by this article, other than a bond required by Section 7071.8, shall not exceed the sum of four thousand dollars ($4,000). If any bond required by this article is insufficient to pay all claims in full, the sum of the bond shall be distributed to all claimants in proportion to the amount of their respective claims.

(b) No license may be renewed, reissued, or reinstated while any judgment or admitted claim in excess of the amount of the bond remains unsatisfied. The following limitations periods apply to bonds required by this article:

(1) Any action, other than an action to recover wages or fringe benefits, against a contractor's bond or a bond of a qualifying individual filed by an active licensee shall be brought within two years after the expiration of the license period during which the act or omission occurred, or within two years of the date the license of the active licensee

was inactivated, canceled, or revoked by the board, whichever first occurs.

(2) Any action, other than an action to recover wages or fringe benefits, against a disciplinary bond filed by an active licensee pursuant to Section 7071.8 shall be brought within two years after the expiration of the license period during which the act or omission occurred, or within two years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, or within two years after the last date for which a disciplinary bond filed pursuant to Section 7071.8 was required, whichever date is first.

(3) A claim to recover wages or fringe benefits shall be brought within six months from the date that the wage or fringe benefit delinquencies were discovered, but in no event shall a civil action thereon be brought later than two years from the date the wage or fringe benefit contributions were due.

(c) Whenever the surety makes payment on any claim against a bond required by this article, whether or not payment is made through a court action or otherwise, the surety shall, within 30 days of the payment, provide notice to the registrar. The notice required by this subdivision shall provide the following information by declaration on a form prescribed by the registrar:

(1) The name and license number of the contractor.

(2) The surety bond number.

(3) The amount of payment.

(4) The statutory basis upon which the claim is made.

(5) The names of the person or persons to whom payments have been made.

(6) Whether or not the payments were the result of a good faith action by the surety.

The notice shall also clearly indicate whether or not the licensee filed a protest in accordance with this section.

(d) Prior to the settlement of a claim through a good faith payment by the surety, a licensee shall have not less than 15 days in which to provide a written protest. This protest shall instruct the surety not to make payment from the bond on the licensee's account upon the specific grounds that the claim is opposed by the licensee, and provide the surety a specific and reasonable basis for the licensee's opposition to payment.

(1) Whenever a licensee files a protest in accordance with this subdivision, the board shall investigate the matter and file disciplinary action as set forth under this chapter if there is evidence that the surety has sustained a loss as the result of a good faith payment made for the purpose of mitigating any damages incurred by any person or entity covered under Section 7071.5.

(2) Any licensee that fails to file a protest as specified in this subdivision shall have 90 days from the date of notification by the board to submit proof of payment of the actual amount owed to the surety and, if applicable, proof of payment of any judgment or admitted claim in excess of the amount of the bond or, by operation of law, the license shall be suspended at the end of the 90 days. A license suspension pursuant to this subdivision shall be disclosed indefinitely as a failure to settle outstanding final liabilities in violation of this chapter. The disclosure specified by this subdivision shall also be applicable to all licenses covered by the provisions of subdivision (d).

(e) No license may be renewed, reissued, or reinstated while any surety remains unreimbursed for any loss or expense sustained on any bond issued for the licensee or for any entity of which any officer, director, member, partner, or qualifying person was an officer, director, member, partner, or qualifying person of the licensee while the licensee was subject to suspension or disciplinary action under this section.

(f) The licensee may provide the board with a notarized copy of an accord, reached with the surety to satisfy the debt in lieu of full payment. By operation of law, failure to abide by the accord shall result in the automatic suspension of any license to which this section applies. A license that is suspended for failure to abide by the accord may only be renewed or reinstated when proof of satisfaction of all debts is made.

(g) Legal fees may not be charged against the bond by the board.

SEC. 6. Section 7071.12 of the Business and Professions Code is amended to read:

7071.12. (a) Instead of the bond provided by this article a deposit may be given pursuant to Article 7 (commencing with Section 995.710) of Chapter 2 of Title 14 of Part 2 of the Code of Civil Procedure.

(b) If the board is notified, in writing, of a civil action against the deposit authorized under this section, the deposit or any portion thereof shall not be released for any purpose, except as determined by the court.

(c) If any deposit authorized under this section is insufficient to pay, in full, all claims that have been adjudicated under any action filed in accordance with this section, the sum of the deposit shall be distributed to all claimants in proportion to the amount of their respective claims.

(d) The following limitations periods apply to deposits in lieu of the bond required by this article:

(1) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a contractor's bond or bond of a qualifying individual filed by an active licensee shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license

of the active licensee was inactivated, canceled, or revoked by the board, whichever occurs first.

(2) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a disciplinary bond filed by an active licensee pursuant to Section 7071.8 shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, or within three years after the last date for which a deposit given in lieu of a disciplinary bond filed pursuant to Section 7071.8 was required, whichever date is first.

(3) A claim to recover wages or fringe benefits shall be brought within six months from the date that the wage or fringe benefit delinquencies were discovered, but in no event shall a civil action thereon be brought later than two years from the date the wage or fringe benefit contributions were due.

(e) In any case in which a claim is filed against a deposit given in lieu of a bond by any employee or by an employee organization on behalf of an employee, concerning wages or fringe benefits based upon the employee's employment, claims for the nonpayment shall be filed with the Labor Commissioner. The Labor Commissioner shall, pursuant to the authority vested by Section 96.5 of the Labor Code, conduct hearings to determine whether or not the wages or fringe benefits should be paid to the complainant. Upon a finding by the commissioner that the wages or fringe benefits should be paid to the complainant, the commissioner shall notify the register of the findings. The registrar shall not make payment from the deposit on the basis of findings by the commissioner for a period of 10 days following determination of the findings. If, within the period, the complainant or the contractor files written notice with the registrar and the commissioner of an intention to seek judicial review of the findings pursuant to Section 11523 of the Government Code, the registrar shall not make payment if an action is actually filed, except as determined by the court. If, thereafter, no action is filed within 60 days following determination of findings by the commissioner, the registrar shall make payment from the deposit to the complainant.

(f) Legal fees may not be charged by the board against any deposit posted pursuant to this section.

SEC. 7. Section 7073 of the Business and Professions Code is amended to read:

7073. (a) The registrar may deny any application for a license or supplemental classification where the applicant has failed to comply with any rule or regulation adopted pursuant to this chapter or where

there are grounds for denial under Section 480. Procedures for denial of an application shall be conducted in accordance with Section 485.

(b) When the board has denied an application for a license on grounds that the applicant has committed a crime substantially related to qualifications, functions, or duties of a contractor, it shall, in its decision or in its notice under subdivision (b) of Section 485, inform the applicant of the earliest date on which the applicant may reapply for a license. The board shall develop criteria, similar to the criteria developed to evaluate rehabilitation, to establish the earliest date on which the applicant may reapply. The date set by the registrar shall not be more than five years from the effective date of the decision or service of notice under subdivision (b) of Section 485.

(c) The board shall inform an applicant that all competent evidence of rehabilitation shall be considered upon reapplication.

(d) Along with the decision or notice under subdivision (b) of Section 485, the board shall serve a copy of the criteria for rehabilitation formulated under Section 482.

(e) In lieu of denying licensure as authorized under this section, the registrar may issue an applicant a probationary license with terms and conditions. During the probationary period, if information is brought to the attention of the registrar regarding any act or omission of the licensee constituting grounds for discipline or denial of licensure for which the registrar determines that revocation of the probationary license would be proper, the registrar shall notify the applicant to show cause within 30 days why the probationary license should not be revoked. The proceedings shall be conducted in accordance with the provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the registrar shall have all the powers granted therein. A probationary license shall not be renewed during any period in which any proceeding brought pursuant to this section is pending.

SEC. 8. Section 7085 of the Business and Professions Code is amended to read:

7085. (a) After investigating any verified complaint alleging a violation of Section 7107, 7109, 7110, 7113, 7119, or 7120, and any complaint arising from a contract involving works of improvement and finding a possible violation, the registrar may, with the concurrence of both the licensee and the complainant, refer the alleged violation, and any dispute between the licensee and the complainant arising thereunder, to arbitration pursuant to this article, provided the registrar finds that:

(1) There is evidence that the complainant has suffered or is likely to suffer material damages as a result of a violation of Section 7107, 7109,

7110, 7113, 7119, or 7120, and any complaint arising from a contract involving works of improvement.

(2) There are reasonable grounds for the registrar to believe that the public interest would be better served by arbitration than by disciplinary action.

(3) The licensee does not have a history of repeated or similar violations.

(4) The licensee was in good standing at the time of the alleged violation.

(5) The licensee does not have any outstanding disciplinary actions filed against him or her.

(6) The parties have not previously agreed to private arbitration of the dispute pursuant to contract or otherwise.

(7) The parties have been advised of the provisions of Section 2855 of the Civil Code.

For the purposes of paragraph (1), "material damages" means damages greater than the amount of the bond required under subdivision (a) of Section 7071.6, but less than fifty thousand dollars ($50,000).

(b) In all cases in which a possible violation of the sections set forth in paragraph (1) of subdivision (a) exists and the contract price, or the demand for damages is equal to or less than the amount of the bond required under Section 7071.6, but, regardless of the contract price, the complaint shall be referred to arbitration, utilizing the criteria set forth in paragraphs (2) to (6), inclusive, of subdivision (a).

SEC. 9. Section 7110.5 of the Business and Professions Code is amended to read:

7110.5. Upon receipt of a certified copy of the Labor Commissioner's finding of a willful or deliberate violation of the Labor Code by a licensee, pursuant to Section 98.9 of the Labor Code, the registrar shall initiate disciplinary action against the licensee within 30 days of notification.

SEC. 10. Section 19830 of the Health and Safety Code is amended to read:

19830. Every city or county, whether general law or chartered, which requires the issuance of a permit as a condition precedent to the construction, alteration, improvement, demolition, or repair of any building or structure, shall, in addition to any other requirements, prepare and give notice to the owner of the building or structure whenever an application for a building permit is submitted in the owner's name as builder of the improvements. The notice shall be given by mail; or the notice may be given to the applicant at the time the application for the permit is made, provided that the applicant presents identification

sufficient to identify himself or herself as the owner. The notice shall be in substantially the following form:

"OWNER-BUILDER INFORMATION

"Dear Property Owner:

"An application for a building permit has been submitted in your name listing yourself as the builder of the property improvements specified.

"For your protection you should be aware that as 'owner-builder' you are the responsible party of record on the permit. Building permits are not required to be signed by property owners unless they are personally performing their own work. If your work is being performed by someone other than yourself, you may protect yourself from possible liability if that person applies for the proper permit in his or her name.

"Contractors are required by law to be licensed and bonded by the State of California and to have a business license from the city or county. They are also required by law to put their license number on all permits for which they apply.

"If you plan to do your own work, with the exception of various trades that you plan to subcontract, you should be aware of the following information for your benefit and protection:

"If you employ or otherwise engage any persons other than your immediate family, and the work (including materials and other costs) is $500 or more for the entire project, and the persons are not licensed as contractors or subcontractors, then you may be an employer.

"If you are an employer, you must register with the state and federal government as an employer and you are subject to several obligations including state and federal income tax withholding, federal social security taxes, workers' compensation insurance, disability insurance costs, and unemployment compensation contributions.

"There may be financial risks for you if you do not carry out these obligations, and these risks are especially serious with respect to workers' compensation insurance.

"For more specific information about your obligations under federal law, contact the Internal Revenue Service (and, if you wish, the U.S. Small Business Administration). For more specific information about your obligations under state law, contact the Department of Benefit Payments and the Division of Industrial Accidents.

"If the structure is intended for sale, property owners who are not licensed contractors are allowed to perform their work personally or through their own employees, without a licensed contractor or subcontractor, only under limited conditions.

"A frequent practice of unlicensed persons professing to be contractors is to secure an 'owner-builder' building permit, erroneously implying that the property owner is providing his or her own labor and material personally. Building permits are not required to be signed by property owners unless they are performing their own work personally.

"Information about licensed contractors may be obtained by contacting the Contractors' State License Board's automated telephone information system at 1-800-321-CSLB (2752) or by accessing their Web site at www.CSLB.ca.gov.

"Please complete and return the enclosed owner-builder verification form so that we can confirm that you are aware of these matters. The building permit will not be issued until the verification is returned.

Very truly yours,

"(Name of permitting agency)".

CHAPTER 281

An act to amend Sections 2188.7 and 2823 of, and to add Section 327.5 to, the Revenue and Taxation Code, relating to property taxation.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 327.5 is added to the Revenue and Taxation Code, to read:

327.5. Notwithstanding any other provision of law, the assessor shall not assign any parcel numbers or prepare a separate assessment or separate valuation to divide any existing residential structure into a subdivision, as defined in Section 66424 of the Government Code, until a subdivision final map or parcel map, as described in Sections 66434 and 66445, respectively, of the Government Code has been recorded as required by law. If the requirement for a parcel map is waived pursuant to subdivision (b) of Section 66428 of the Government Code, then the assessor shall not assign any parcel numbers or prepare a separate assessment or separate valuation, unless the applicant provides a copy of the finding made by the legislative body or advisory agency, as required by that subdivision.

SEC. 2. Section 2188.7 of the Revenue and Taxation Code is amended to read:

2188.7. (a) Whenever the assessor receives a written request for separate assessment of a community apartment project, a stock cooperative, or a limited equity housing cooperative as defined in Section 11003.2, 11003.4, or 11004 of the Business and Professions Code, or any other similarly organized housing cooperative, the assessor shall, on the first lien date which occurs more than 60 days following the request, and on each lien date thereafter, separately assess the individual interests described in subdivision (b) held by the owners of the project or shareholders of the corporation if the conditions specified in subdivision (c) have been met. Whenever a community apartment project or cooperative housing corporation is separately assessed, it shall continue to be separately assessed in subsequent fiscal years and once a request for separate assessment is made, it is binding on all future owners and occupants of the project or corporation.

(b) For community apartment projects, and similarly organized projects, the interest that is to be separately assessed pursuant to subdivision (a) is the value of the right of exclusive occupancy in a portion of the real property coupled with an undivided interest in the land. For cooperative housing corporations, limited equity housing cooperatives and similarly organized cooperatives, the interest that is to be separately assessed is the value of the right of exclusive occupancy which is transferable only concurrently with the transfer of the share or shares of stock in the corporation held by the person having such right of occupancy, together with an interest in appurtenant common areas.

(c) Except as provided in subdivision (a), a separate assessment of any interest described in subdivision (b) may not be made by the assessor unless:

(1) The person making the request certifies that the owners or shareholders have been notified and the request for separate assessment has been approved in the manner provided in the organizational documents of the organization involved for approval of matters affecting the affairs of the organization generally; and

(2) A diagrammatic floor plan of the improvements and a survey plot map of the land showing the location of the improvements on the land, prepared in the form required by Chapter 2 (commencing with Section 66425) of Division 2 of Title 7 of the Government Code, has been recorded with the county recorder and filed with the assessor.

(3) Notwithstanding any other provision of law, a separate valuation to divide any existing residential structure into a subdivision, as defined in Section 66424 of the Government Code, shall not be made until a subdivision final map or parcel map, as described in Sections 66434 and 66445, respectively, of the Government Code has been recorded as required by law. If the requirement for a parcel map is waived pursuant

to subdivision (b) of Section 66428 of the Government Code, then the assessor shall not assign any parcel numbers or prepare a separate assessment or separate valuation, unless the applicant provides a copy of the finding made by the legislative body or advisory agency, as required by that subdivision.

(d) Notwithstanding the provisions of Section 2605 and regardless of whether the board of supervisors has adopted a resolution in accordance with Section 2700, the tax on interests in a cooperative housing corporation or a limited-equity housing corporation separately assessed pursuant to subdivision (a) shall be entered on the secured roll and may be paid in two installments as provided in Chapter 2.1 (commencing with Section 2700) of Part 5. However, if:

(1) The tax on the separately assessed interest is unpaid when any installment of taxes on the secured roll becomes delinquent, the tax collector may use the procedures applicable to the collection of delinquent taxes on the unsecured roll; and

(2) The tax on the separately assessed interest remains unpaid at the time set for the declaration of default for delinquent taxes, the tax on the separately assessed interest, together with any penalties and costs which may have accrued thereon while on the secured roll, shall be transferred to the unsecured roll.

(e) The tax on an individual interest in a community apartment project, separately assessed pursuant to subdivision (a), shall be a lien solely on that interest and shall be entered on and be subject to all provisions of law applicable to taxes on the secured roll.

(f) The assessor shall provide to the principal office of each community apartment project and cooperative housing corporation within the taxing jurisdiction, at the time and in the manner as he or she deems appropriate, adequate notice of the provisions of this section and other pertinent information relative to the implementation thereof.

(g) The assessor may charge a fee for the initial cost of separately assessing a project or corporation which may be collected on the tax bill.

SEC. 3. Section 2823 of the Revenue and Taxation Code is amended to read:

2823. (a) The county assessor shall determine a separate valuation on the parcel, and shall determine the valuation of the remaining parcel. The sum of the valuations of the parcels shall equal their total valuation before separation.

(b) A separate valuation shall not be made of any parcel covered by a subdivision map filed for record after the lien date immediately preceding the current fiscal year. In connection with the recording of a final subdivision map a segregation may nevertheless be made so as to include all of the land within the subdivision in a single parcel.

(c) A separate valuation shall not be made dividing any piece of property separately assessed in the original assessment into more than four parcels. However, this prohibition shall not apply in any county in which the board of supervisors so provides in an ordinance adopted by a majority vote of the board.

(d) Notwithstanding any other provision of law, a separate valuation to divide any existing residential structure into a subdivision, as defined in Section 66424 of the Government Code, shall not be made until a subdivision final map or parcel map, as described in Sections 66434 and 66445, respectively, of the Government Code has been recorded as required by law. If the requirement for a parcel map is waived pursuant to subdivision (b) of Section 66428 of the Government Code, then the assessor shall not assign any parcel numbers or prepare a separate assessment or separate valuation, unless the applicant provides a copy of the finding made by the legislative body or advisory agency, as required by that subdivision.

(e) With respect to nonresidential subdivisions, without regard to the number of parcels involved, which are covered by special assessment liens the bonds for which are owned by a county, the board of supervisors of that county may authorize the county assessor, auditor, and tax collector to prorate the amounts for past due property taxes and assessment liens, plus any interest and penalties that may have accrued thereon, among the various parcels in the subdivision. Notwithstanding any other provision of law, the tax collector may then enter into an installment payment agreement with respect to the pending subdivision map and thereupon the agreement shall be deemed the equivalent of a certificate pursuant to Section 66492 of the Government Code for purposes of permitting the filing of the final map and shall be recorded together with the final map, provided that the past due property taxes, assessment liens, and the special assessment lien shall not be discharged of record by the agreement, but shall be prorated among the parcels created by the final map.

(f) If the application requested that the tax created by the assessment of personal property, or leasehold improvements, or possessory interests be allowed to remain as a lien on the parcel sought to be separately valued, and the assessor determines that the value of the parcel is sufficient to secure the payment of the tax, the assessor shall set forth the value of such personal property, or leasehold improvements, or possessory interests opposite the assessor's determination of the value of the parcel.

CHAPTER 282

An act to amend Section 1037 of, and to add Sections 1037.1 and 1037.2 to, the Penal Code, relating to trial costs.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 1037 of the Penal Code is amended to read:

1037. (a) When a court orders a change of venue to a court in another county, all costs incurred by the receiving court or county, that are not payable pursuant to Section 4750, shall be paid by the transferring court or county as provided in Sections 1037.1 and 1037.2. Those costs may include, but are not limited to, the expenses for the following:

(1) The transfer, preparation, and trial of the action.

(2) The guarding, keeping, and transportation of the prisoner.

(3) Any appeal or other proceeding relating to the action.

(4) Execution of the sentence.

(b) The term "all costs" means all reasonable and necessary costs incurred by the receiving court or county as a result of the change of venue that would not have been incurred but for the change of venue. "All costs" does not include normal salaries, overhead, and other expenses that would have been incurred by the receiving court or county if it did not receive the trial.

SEC. 2. Section 1037.1 is added to the Penal Code, to read:

1037.1. (a) Change of venue costs, as defined in Section 1037, that are court operations, as defined in Section 77003 of the Government Code and Rule 810 of the California Rules of Court, shall be considered court costs to be charged against and paid by the transferring court to the receiving court.

(b) The Judicial Council shall adopt financial policies and procedures to ensure the timely payment of court costs pursuant to this section. The policies and procedures shall include, but are not limited to, the following:

(1) The requirement that courts approve a budget and a timeline for reimbursement before the beginning of the trial.

(2) A process for the Administrative Office of the Courts to mediate any disputes regarding costs between transferring and receiving courts.

(c) (1) The presiding judge of the transferring court, or his or her designee, shall authorize the payment for the reimbursement of court costs out of the court operations fund of the transferring court.

(2) Payments for the reimbursement of court costs shall be deposited into the court operations fund of the receiving court.

SEC. 3. Section 1037.2 is added to the Penal Code, to read:

1037.2. (a) Change of venue costs, as defined in Section 1037, that are incurred by the receiving county and not defined as court operations under Section 77003 of the Government Code or Rule 810 of the California Rules of Court shall be considered to be county costs to be paid by the transferring county to the receiving county.

(b) Transferring counties shall approve a budget and a timeline for the payment of county costs before the beginning of trial.

(c) Claims for the costs described in subdivision (a) shall be forwarded to the treasurer and auditor of the transferring county on a monthly basis. The treasurer shall pay the amount of county costs out of the general funds of the transferring county within 30 days of receiving the claim for costs from the receiving county.

(d) (1) The transferring court may, in its sound discretion, determine the reasonable and necessary costs under this section.

(2) The transferring court's approval of costs shall become effective 10 days after the court has given written notice of the costs to the auditor of the transferring county.

(3) During the 10-day period specified in paragraph (2), the auditor of the transferring county may contest the costs approved by the transferring court.

(4) If the auditor of the transferring county fails to contest the costs within the 10-day period specified in paragraph (2), the transferring county shall be deemed to have waived the right to contest the imposition of these costs.

CHAPTER 283

An act to add and repeal Section 116030.5 of the Health and Safety Code, relating to swimming pools, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 116030.5 is added to the Health and Safety Code, to read:

116030.5. (a) Notwithstanding any provision of law to the contrary, any manmade lake or swimming lagoon with a beach or sand bottom operated by the Cameron Park Community Services District of El Dorado County is exempt from the water clarity standards established pursuant to subdivision (b) of Section 116030, if approved by the local health officer.

(b) The department shall form an advisory committee consisting of all of the following:

(1) Three representatives from park and recreation districts that operate for public swimming purposes a manmade lake or swimming lagoon with a beach or sand bottom.

(2) Two local health officers.

(3) A representative of the department.

(c) The committee shall address whether water clarity of manmade lakes or swimming lagoons that utilize a beach or a sand bottom, and are used for public swimming purposes, should be regulated in the same manner as public swimming pools.

(d) The committee shall adopt recommendations and report to the department by January 1, 2007.

(e) If the committee recommends that the water clarity of the manmade lakes or swimming lagoons should not be regulated in the same manner as public swimming pools, the report shall identify the water clarity standards that should apply, and shall make recommendations regarding filtration, recirculation, disinfection, safety, and public health oversight, including, but not limited to, permitting and sampling requirements.

(f) This section shall remain in effect only until January 1, 2008, and as of that date is repealed unless a later enacted statute that is enacted before that date deletes or extends that date.

SEC. 2. Due to the unique circumstances concerning the sandy bottom lagoon operated by Cameron Park Community Services District, it is necessary that, 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. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure the continued recreational use of the sand bottom lagoon operated by the Cameron Park Community Services District, while protecting the health and safety of the users of the facility, it is necessary that this act take effect immediately.

CHAPTER 284

An act to amend Section 130140 of the Health and Safety Code, relating to child development.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 130140 of the Health and Safety Code is amended to read:

130140. Any county or counties developing, adopting, promoting, and implementing local early childhood development programs consistent with the goals and objectives of this act shall receive moneys pursuant to paragraph (2) of subdivision (d) of Section 130105 in accordance with the following provisions:

(a) For the period between January 1, 1999, and June 30, 2000, county commissions shall receive the portion of the total moneys available to all county commissions equal to the percentage of the number of births recorded in the relevant county (for the most recent reporting period) in proportion to the entire number of births recorded in California (for the same period), provided that each of the following requirements has first been satisfied:

(1) The county's board of supervisors has adopted an ordinance containing the following minimum provisions:

(A) The establishment of a county children and families commission. The county commission shall be appointed by the board of supervisors and shall consist of at least five but not more than nine members.

(i) Two members of the county commission shall be from among the county health officer and persons responsible for management of the following county functions: children's services, public health services, behavioral health services, social services, and tobacco and other substance abuse prevention and treatment services.

(ii) One member of the county commission shall be a member of the board of supervisors.

(iii) The remaining members of the county commission shall be from among the persons described in clause (i) and persons from the following categories: recipients of project services included in the county strategic plan; educators specializing in early childhood development; representatives of a local child care resource or referral agency, or a local child care coordinating group; representatives of a local organization for prevention or early intervention for families at risk; representatives

of community-based organizations that have the goal of promoting nurturing and early childhood development; representatives of local school districts; and representatives of local medical, pediatric, or obstetric associations or societies.

(B) The manner of appointment, selection, or removal of members of the county commission, the duration and number of terms county commission members shall serve, and any other matters that the board of supervisors deems necessary or convenient for the conduct of the county commission's activities, provided that members of the county commission shall not be compensated for their services, except they shall be paid reasonable per diem and reimbursement of reasonable expenses for attending meetings and discharging other official responsibilities as authorized by the county commission.

(C) The requirement that the county commission adopt an adequate and complete county strategic plan for the support and improvement of early childhood development within the county.

(i) The county strategic plan shall be consistent with, and in furtherance of the purposes of, this act and any guidelines adopted by the state commission pursuant to subdivision (b) of Section 130125 that are in effect at the time the plan is adopted.

(ii) The county strategic plan shall, at a minimum, include the following: a description of the goals and objectives proposed to be attained; a description of the programs, services, and projects proposed to be provided, sponsored, or facilitated; and a description of how measurable outcomes of such programs, services, and projects will be determined by the county commission using appropriate reliable indicators. No county strategic plan shall be deemed adequate or complete until and unless the plan describes how programs, services, and projects relating to early childhood development within the county will be integrated into a consumer-oriented and easily accessible system.

(iii) The county commission shall, on at least an annual basis, be required to review its county strategic plan and to revise the plan as may be necessary or appropriate.

(iv) The county commission shall measure the outcomes of county funded programs through the use of applicable, reliable indicators and review that information on a periodic basis as part of the public review of its county strategic plan.

(D) The requirement that the county commission conduct at least one public hearing on its proposed county strategic plan before the plan is adopted.

(E) The requirement that the county commission conduct at least one public hearing on its periodic review of the county strategic plan before any revisions to the plan are adopted.

(F) The requirement that the county commission submit its adopted county strategic plan, and any subsequent revisions thereto, to the state commission.

(G) The requirement that the county commission prepare and adopt an annual audit and report pursuant to Section 130150. The county commission shall conduct at least one public hearing prior to adopting any annual audit and report.

(H) The requirement that the county commission conduct at least one public hearing on each annual report by the state commission prepared pursuant to subdivision (b) of Section 130150.

(I) Two or more counties may form a joint county commission, adopt a joint county strategic plan, or implement joint programs, services, or projects.

(2) The county's board of supervisors has established a county commission and has appointed a majority of its members.

(3) The county has established a local Children and Families Trust Fund pursuant to subparagraph (A) of paragraph (2) of subdivision (d) of Section 130105.

(b) Notwithstanding any provision of this act to the contrary, no moneys made available to county commissions under subdivision (a) shall be expended to provide, sponsor, or facilitate any programs, services, or projects for early childhood development until and unless the county commission has first adopted an adequate and complete county strategic plan that contains the provisions required by clause (ii) of subparagraph (C) of paragraph (1) of subdivision (a).

(c) In the event that any county elects not to participate in the California Children and Families Program, the moneys remaining in the California Children and Families Trust Fund shall be reallocated and reappropriated to participating counties in the following fiscal year.

(d) For the fiscal year commencing on July 1, 2000, and for each fiscal year thereafter, county commissions shall receive the portion of the total moneys available to all county commissions equal to the percentage of the number of births recorded in the relevant county (for the most recent reporting period) in proportion to the number of births recorded in all of the counties participating in the California Children and Families Program (for the same period), provided that each of the following requirements has first been satisfied:

(1) The county commission has, after the required public hearings, adopted an adequate and complete county strategic plan conforming to the requirements of subparagraph (C) of paragraph (1) of subdivision (a), and has submitted the plan to the state commission.

(2) The county commission has conducted the required public hearings, and has prepared and submitted all audits and reports required pursuant to Section 130150.

(3) The county commission has conducted the required public hearings on the state commission annual reports prepared pursuant to subdivision (b) of Section 130150.

(4) The county commission, in a public hearing, has adopted policies that are consistent with state law regarding the following:

(A) Conflict of interest of commission members.

(B) Commission contracting and procurement policies.

(5) The county commission, in a public hearing, has adopted a limit on the percentage of the county commission's operating budget that may be spent on administrative functions, pursuant to guidelines issued by the state commission that define administrative functions.

(6) The county commission has adopted, in a public hearing, policies and processes establishing the salaries and benefits of employees of the county commission. Salaries and benefits shall conform with established county commission or county government policies.

(e) In the event that any county elects not to continue participation in the California Children and Families Program, any unencumbered and unexpended moneys remaining in the local Children and Families Trust Fund shall be returned to the California Children and Families Trust Fund for reallocation and reappropriation to participating counties in the following fiscal year.

(f) For purposes of this section, "relevant county" means the county in which the mother of the child whose birth is being recorded resides.

SEC. 2. This act shall become operative only if Senate Bill No. 35 of the 2005–06 Regular Session is enacted and becomes operative.

SEC. 3. The Legislature finds and declares that this act furthers the California Children and Families Act of 1998 enacted by Proposition 10 at the November 3, 1998, general election, and is consistent with its purposes.

CHAPTER 285

An act to amend Sections 249.5, 249.6, and 249.8 of the Probate Code, relating to decedents' estates.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 249.5 of the Probate Code is amended to read:

249.5. For purposes of determining rights to property to be distributed upon the death of a decedent, a child of the decedent conceived and born after the death of the decedent shall be deemed to have been born in the lifetime of the decedent, and after the execution of all of the decedent's testamentary instruments, if the child or his or her representative proves by clear and convincing evidence that all of the following conditions are satisfied:

(a) The decedent, in writing, specifies that his or her genetic material shall be used for the posthumous conception of a child of the decedent, subject to the following:

(1) The specification shall be signed by the decedent and dated.

(2) The specification may be revoked or amended only by a writing, signed by the decedent and dated.

(3) A person is designated by the decedent to control the use of the genetic material.

(b) The person designated by the decedent to control the use of the genetic material has given written notice by certified mail, return receipt requested, that the decedent's genetic material was available for the purpose of posthumous conception. The notice shall have been given to a person who has the power to control the distribution of either the decedent's property or death benefits payable by reason of the decedent's death, within four months of the date of issuance of a certificate of the decedent's death or entry of a judgment determining the fact of the decedent's death, whichever event occurs first.

(c) The child was in utero using the decedent's genetic material and was in utero within two years of the date of issuance of a certificate of the decedent's death or entry of a judgment determining the fact of the decedent's death, whichever event occurs first. This subdivision does not apply to a child who shares all of his or her nuclear genes with the person donating the implanted nucleus as a result of the application of somatic nuclear transfer technology commonly known as human cloning.

SEC. 2. Section 249.6 of the Probate Code is amended to read:

249.6. (a) Upon timely receipt of the notice required by Section 249.5 or actual knowledge by a person who has the power to control the distribution of either the decedent's property or death benefits payable by reason of the decedent's death, that person may not make a distribution of property or pay death benefits payable by reason of the decedent's death before two years following the date of issuance of a certificate of the decedent's death or entry of a judgment determining the fact of decedent's death, whichever event occurs first.

(b) Subdivision (a) does not apply to, and the distribution of property or the payment of benefits may proceed in a timely manner as provided by law with respect to, any property if the birth of a child or children of the decedent conceived after the death of the decedent will not have an effect on any of the following:

(1) The proposed distribution of the decedent's property.

(2) The payment of death benefits payable by reason of the decedent's death.

(3) The determination of rights to property to be distributed upon the death of the decedent.

(4) The right of any person to claim a probate homestead or probate family allowance.

(c) Subdivision (a) does not apply to, and the distribution of property or the payment of benefits may proceed in a timely manner as provided by law with respect to, any property if the person named in subdivision (a) of Section 249.5 sends written notice by certified mail, return receipt requested, that the person does not intend to use the genetic material for the posthumous conception of a child of a decedent. This notice shall be signed by the person named in paragraph (3) of subdivision (a) of Section 249.5 and at least one competent witness, and dated.

(d) A person who has the power to control the distribution of either the decedent's property or death benefits payable by reason of the decedent's death, shall incur no liability for making a distribution of property or paying death benefits if that person made a distribution of property or paid death benefits prior to receiving notice or acquiring actual knowledge of the existence of genetic material available for posthumous conception purposes or the written notice required by subdivision (b) of Section 249.5.

(e) Each person to whom payment, delivery, or transfer of the decedent's property is made is personally liable to a person who, pursuant to Section 249.5, has a superior right to the payment, delivery, or transfer of the decedent's property. The aggregate of the personal liability of a person shall not exceed the fair market value, valued as of the time of the transfer, of the property paid, delivered, or transferred to the person under this section, less the amount of any liens and encumbrances on that property at that time.

(f) In addition to any other liability a person may have pursuant to this section, any person who fraudulently secures the payment, delivery, or transfer of the decedent's property pursuant to this section shall be liable to the person having a superior right for three times the fair market value of the property.

(g) An action to impose liability under this section shall be barred three years after the distribution to the holder of the decedent's property,

or three years after the discovery of fraud, whichever is later. The three-year period specified in this subdivision may not be tolled for any reason.

SEC. 3. Section 249.8 of the Probate Code is amended to read:

249.8. Notwithstanding Section 249.6, any interested person may file a petition in the manner prescribed in Section 248 or 17200 requesting a distribution of property of the decedent or death benefits payable by reason of decedent's death that are subject to the delayed distribution provisions of Section 249.6. The court may order distribution of all, or a portion of, the property or death benefits, if at the hearing it appears that distribution can be made without any loss to any interested person, including any loss, either actual or contingent, to a decedent's child who is conceived after the death of the decedent. The order for distribution shall be stayed until any bond required by the court is filed.

CHAPTER 286

An act to amend Section 1107.5 of, and to add Sections 6020.5, 8020.5, 12550.5, 15678.10, 16915.5, and 17554.5 to, the Corporations Code, relating to business entities.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 1107.5 of the Corporations Code is amended to read:

1107.5. (a) Upon merger pursuant to this chapter, a surviving domestic or foreign corporation or other business entity shall be deemed to have assumed the liability of each disappearing domestic or foreign corporation or other business entity that is taxed under Part 10 (commencing with Section 17001) of, or under Part 11 (commencing with Section 23001) of, Division 2 of the Revenue and Taxation Code for the following:

(1) To prepare and file, or to cause to be prepared and filed, tax and information returns otherwise required of that disappearing entity as specified in Chapter 2 (commencing with Section 18501) of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(2) To pay any tax liability determined to be due.

(b) Notwithstanding Sections 1103, 1108, 1110, 1113, 6014, 6018, 6019.1, 8014, 8018, 8019.1, 12535, 12539, 12540.1, 15678.4, and 17552

of this code and Sections 17945, 17948.1, and 23334 of the Revenue and Taxation Code, if the surviving entity is a domestic limited liability company, domestic corporation, or registered limited liability partnership or a foreign limited liability company, foreign limited liability partnership, or foreign corporation that is registered or qualified to do business in California, the Secretary of State shall file the merger without the certificate of satisfaction of the Franchise Tax Board and shall notify the Franchise Tax Board of the merger.

SEC. 2. Section 6020.5 is added to the Corporations Code, to read:

6020.5. (a) Upon merger pursuant to this chapter, a surviving domestic or foreign corporation or other business entity shall be deemed to have assumed the liability of each disappearing domestic or foreign corporation or other business entity that is taxed under Part 10 (commencing with Section 17001) of, or under Part 11 (commencing with Section 23001) of, Division 2 of the Revenue and Taxation Code for the following:

(1) To prepare and file, or to cause to be prepared and filed, tax and information returns otherwise required of that disappearing entity as specified in Chapter 2 (commencing with Section 18501) of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(2) To pay any tax liability determined to be due.

(b) Notwithstanding Sections 1103, 1108, 1110, 1113, 6014, 6018, 6019.1, 8014, 8018, 8019.1, 12535, 12539, 12540.1, 15678.4, and 17552 of this code and Sections 17945, 17948.1, and 23334 of the Revenue and Taxation Code, if the surviving entity is a domestic limited liability company, domestic corporation, or registered limited liability partnership or a foreign limited liability company, foreign limited liability partnership, or foreign corporation that is registered or qualified to do business in California, the Secretary of State shall file the merger without the certificate of satisfaction of the Franchise Tax Board and shall notify the Franchise Tax Board of the merger.

SEC. 3. Section 8020.5 is added to the Corporations Code, to read:

8020.5. (a) Upon merger pursuant to this chapter, a surviving domestic or foreign corporation or other business entity shall be deemed to have assumed the liability of each disappearing domestic or foreign corporation or other business entity that is taxed under Part 10 (commencing with Section 17001) of, or under Part 11 (commencing with Section 23001) of, Division 2 of the Revenue and Taxation Code for the following:

(1) To prepare and file, or to cause to be prepared and filed, tax and information returns otherwise required of that disappearing entity as specified in Chapter 2 (commencing with Section 18501) of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(2) To pay any tax liability determined to be due.

(b) Notwithstanding Sections 1103, 1108, 1110, 1113, 6014, 6018, 6019.1, 8014, 8018, 8019.1, 12535, 12539, 12540.1, 15678.4, and 17552 of this code and Sections 17945, 17948.1, and 23334 of the Revenue and Taxation Code, if the surviving entity is a domestic limited liability company, domestic corporation, or registered limited liability partnership or a foreign limited liability company, foreign limited liability partnership, or foreign corporation that is registered or qualified to do business in California, the Secretary of State shall file the merger without the certificate of satisfaction of the Franchise Tax Board and shall notify the Franchise Tax Board of the merger.

SEC. 4. Section 12550.5 is added to the Corporations Code, to read:

12550.5. (a) Upon merger pursuant to this chapter, a surviving domestic or foreign corporation or other business entity shall be deemed to have assumed the liability of each disappearing domestic or foreign corporation or other business entity that is taxed under Part 10 (commencing with Section 17001) of, or under Part 11 (commencing with Section 23001) of, Division 2 of the Revenue and Taxation Code for the following:

(1) To prepare and file, or to cause to be prepared and filed, tax and information returns otherwise required of that disappearing entity as specified in Chapter 2 (commencing with Section 18501) of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(2) To pay any tax liability determined to be due.

(b) Notwithstanding Sections 1103, 1108, 1110, 1113, 6014, 6018, 6019.1, 8014, 8018, 8019.1, 12535, 12539, 12540.1, 15678.4, and 17552 of this code and Sections 17945, 17948.1, and 23334 of the Revenue and Taxation Code, if the surviving entity is a domestic limited liability company, domestic corporation, or registered limited liability partnership or a foreign limited liability company, foreign limited liability partnership, or foreign corporation that is registered or qualified to do business in California, the Secretary of State shall file the merger without the certificate of satisfaction of the Franchise Tax Board and shall notify the Franchise Tax Board of the merger.

SEC. 5. Section 15678.10 is added to the Corporations Code, to read:

15678.10. Upon merger pursuant to this article, a surviving domestic or foreign limited partnership or other business entity shall be deemed to have assumed the liability of each disappearing domestic or foreign limited partnership or other business entity that is taxed under Part 10 (commencing with Section 17001) of, or under Part 11 (commencing with Section 23001) of, Division 2 of the Revenue and Taxation Code for the following:

(a) To prepare and file, or to cause to be prepared and filed, tax and information returns otherwise required of that disappearing entity as specified in Chapter 2 (commencing with Section 18501) of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(b) To pay any tax liability determined to be due.

SEC. 6. Section 16915.5 is added to the Corporations Code, to read:

16915.5. (a) Upon merger pursuant to this article, a surviving domestic or foreign partnership or other business entity shall be deemed to have assumed the liability of each disappearing domestic or foreign partnership or other business entity that is taxed under Part 10 (commencing with Section 17001) of, or under Part 11 (commencing with Section 23001) of, Division 2 of the Revenue and Taxation Code for the following:

(1) To prepare and file, or to cause to be prepared and filed, tax and information returns otherwise required of that disappearing entity as specified in Chapter 2 (commencing with Section 18501) of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(2) To pay any tax liability determined to be due.

(b) Notwithstanding Sections 1103, 1108, 1110, 1113, 6014, 6018, 6019.1, 8014, 8018, 8019.1, 12535, 12539, 12540.1, 15678.4, and 17552 of this code and Sections 17945, 17948.1, and 23334 of the Revenue and Taxation Code, if the surviving entity is a domestic limited liability company, domestic corporation, or registered limited liability partnership or a foreign limited liability company, foreign limited liability partnership, or foreign corporation that is registered or qualified to do business in California, the Secretary of State shall file the merger without the certificate of satisfaction of the Franchise Tax Board and shall notify the Franchise Tax Board of the merger.

SEC. 7. Section 17554.5 is added to the Corporations Code, to read:

17554.5. (a) Upon merger pursuant to this chapter, a surviving domestic or foreign limited liability company or other business entity shall be deemed to have assumed the liability of each disappearing domestic or foreign limited liability company or other business entity that is taxed under Part 10 (commencing with Section 17001) of, or under Part 11 (commencing with Section 23001) of, Division 2 of the Revenue and Taxation Code for the following:

(1) To prepare and file, or to cause to be prepared and filed, tax and information returns otherwise required of that disappearing entity as specified in Chapter 2 (commencing with Section 18501) of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(2) To pay any tax liability determined to be due.

(b) Notwithstanding Sections 1103, 1108, 1110, 1113, 6014, 6018, 6019.1, 8014, 8018, 8019.1, 12535, 12539, 12540.1, 15678.4, and 17552

of this code and Sections 17945, 17948.1, and 23334 of the Revenue and Taxation Code, if the surviving entity is a domestic limited liability company, domestic corporation, or registered limited liability partnership or a foreign limited liability company, foreign limited liability partnership, or foreign corporation that is registered or qualified to do business in California, the Secretary of State shall file the merger without the certificate of satisfaction of the Franchise Tax Board and shall notify the Franchise Tax Board of the merger.

CHAPTER 287

An act to amend Section 19775.18 of the Government Code, relating to state employees.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 19775.18 of the Government Code is amended to read:

19775.18. (a) In addition to the benefits provided pursuant to Sections 19775 and 19775.1, a state employee who, as a member of the California National Guard or a United States military reserve organization, is ordered to active duty on and after September 11, 2001, as a result of the War on Terrorism, shall have the benefits provided for in subdivision (b).

(b) Any state employee to which subdivision (a) applies, while on active duty, shall receive from the state, for the duration of the event known as the War on Terrorism, as authorized pursuant to Sections 12302 and 12304 of Title 10 of the United States Code, but not for more than 365 calendar days, as part of his or her compensation both of the following:

(1) The difference between the amount of his or her military pay and allowances and the amount the employee would have received as a state employee, including any merit raises that would otherwise have been granted during the time the individual was on active duty. The amount an employee, as defined in Section 18526, would have received as a state employee, including any merit raises that would otherwise have been granted during the time the individual was on active duty, shall be determined by the Department of Personnel Administration.

(2) All benefits that he or she would have received had he or she not served on active duty unless the benefits are prohibited or limited by vendor contracts.

(c) Any individual receiving compensation pursuant to subdivision (b) who does not reinstate to state service following active duty, shall have that compensation treated as a loan payable with interest at the rate earned on the Pooled Money Investment Account. This subdivision does not apply to compensation received pursuant to Section 19775.

(d) Benefits provided under paragraph (1) of subdivision (b) shall only be provided to a state employee who was not eligible to participate in a federally sponsored income protection program for National Guard personnel or military reserve personnel, or both, called into active duty, as determined by the Department of Personnel Administration. For a state employee eligible to participate in a federally sponsored income protection program, and whose monthly salary as a state employee was higher than the sum of his or her military pay and allowances and the maximum allowable benefit under the federally sponsored income protection program, the state employee shall receive the amount payable under paragraph (1) of subdivision (b), but that amount shall be reduced by the maximum allowable benefit under the federally sponsored income protection program. For individuals who elected the federally sponsored income protection program, the state shall reimburse for the cost of the insurance premium for the period of time on active duty, not to exceed 365 calendar days. The Governor may, by executive order, extend this period of time by no more than an additional 365 calendar days.

(e) (1) "Military pay and allowances" for the purposes of this section does not include hazardous duty pay, hostile fire pay, or imminent danger pay. A state employee is entitled to retain these and any other special and incentive pay provided by the federal government.

(2) "State employee" for the purposes of this section means an employee as defined in Section 18526 or an officer or employee of the legislative, executive, or judicial department of the state.

(f) This section does not apply to any state employee entitled to additional compensation or benefits pursuant to Section 19775.16 or 19775.17 of this code, or Section 395.08 of the Military and Veterans Code.

(g) This section does not apply to any active duty served after the close of the War on Terrorism.

CHAPTER 288

An act to amend and repeal Section 11126 of the Government Code, relating to open meetings.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 11126 of the Government Code, as amended by Section 1 of Chapter 1113 of the Statutes of 2002, is amended to read:

11126. (a) (1) Nothing in this article shall be construed to prevent a state body from holding closed sessions during a regular or special meeting to consider the appointment, employment, evaluation of performance, or dismissal of a public employee or to hear complaints or charges brought against that employee by another person or employee unless the employee requests a public hearing.

(2) As a condition to holding a closed session on the complaints or charges to consider disciplinary action or to consider dismissal, the employee shall be given written notice of his or her right to have a public hearing, rather than a closed session, and that notice shall be delivered to the employee personally or by mail at least 24 hours before the time for holding a regular or special meeting. If notice is not given, any disciplinary or other action taken against any employee at the closed session shall be null and void.

(3) The state body also may exclude from any public or closed session, during the examination of a witness, any or all other witnesses in the matter being investigated by the state body.

(4) Following the public hearing or closed session, the body may deliberate on the decision to be reached in a closed session.

(b) For the purposes of this section, "employee" does not include any person who is elected to, or appointed to a public office by, any state body. However, officers of the California State University who receive compensation for their services, other than per diem and ordinary and necessary expenses, shall, when engaged in that capacity, be considered employees. Furthermore, for purposes of this section, the term employee includes a person exempt from civil service pursuant to subdivision (e) of Section 4 of Article VII of the California Constitution.

(c) Nothing in this article shall be construed to do any of the following:

(1) Prevent state bodies that administer the licensing of persons engaging in businesses or professions from holding closed sessions to prepare, approve, grade, or administer examinations.

(2) Prevent an advisory body of a state body that administers the licensing of persons engaged in businesses or professions from conducting a closed session to discuss matters that the advisory body has found would constitute an unwarranted invasion of the privacy of an individual licensee or applicant if discussed in an open meeting, provided the advisory body does not include a quorum of the members of the state body it advises. Those matters may include review of an applicant's qualifications for licensure and an inquiry specifically related to the state body's enforcement program concerning an individual licensee or applicant where the inquiry occurs prior to the filing of a civil, criminal, or administrative disciplinary action against the licensee or applicant by the state body.

(3) Prohibit a state body from holding a closed session to deliberate on a decision to be reached in a proceeding required to be conducted pursuant to Chapter 5 (commencing with Section 11500) or similar provisions of law.

(4) Grant a right to enter any correctional institution or the grounds of a correctional institution where that right is not otherwise granted by law, nor shall anything in this article be construed to prevent a state body from holding a closed session when considering and acting upon the determination of a term, parole, or release of any individual or other disposition of an individual case, or if public disclosure of the subjects under discussion or consideration is expressly prohibited by statute.

(5) Prevent any closed session to consider the conferring of honorary degrees, or gifts, donations, and bequests that the donor or proposed donor has requested in writing to be kept confidential.

(6) Prevent the Alcoholic Beverage Control Appeals Board from holding a closed session for the purpose of holding a deliberative conference as provided in Section 11125.

(7) (A) Prevent a state body from holding closed sessions with its negotiator prior to the purchase, sale, exchange, or lease of real property by or for the state body to give instructions to its negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease.

(B) However, prior to the closed session, the state body shall hold an open and public session in which it identifies the real property or real properties that the negotiations may concern and the person or persons with whom its negotiator may negotiate.

(C) For purposes of this paragraph, the negotiator may be a member of the state body.

(D) For purposes of this paragraph, "lease" includes renewal or renegotiation of a lease.

(E) Nothing in this paragraph shall preclude a state body from holding a closed session for discussions regarding eminent domain proceedings pursuant to subdivision (e).

(8) Prevent the California Postsecondary Education Commission from holding closed sessions to consider matters pertaining to the appointment or termination of the Director of the California Postsecondary Education Commission.

(9) Prevent the Council for Private Postsecondary and Vocational Education from holding closed sessions to consider matters pertaining to the appointment or termination of the Executive Director of the Council for Private Postsecondary and Vocational Education.

(10) Prevent the Franchise Tax Board from holding closed sessions for the purpose of discussion of confidential tax returns or information the public disclosure of which is prohibited by law, or from considering matters pertaining to the appointment or removal of the Executive Officer of the Franchise Tax Board.

(11) Require the Franchise Tax Board to notice or disclose any confidential tax information considered in closed sessions, or documents executed in connection therewith, the public disclosure of which is prohibited pursuant to Article 2 (commencing with Section 19542) of Chapter 7 of Part 10.2 of the Revenue and Taxation Code.

(12) Prevent the Board of Corrections from holding closed sessions when considering reports of crime conditions under Section 6027 of the Penal Code.

(13) Prevent the State Air Resources Board from holding closed sessions when considering the proprietary specifications and performance data of manufacturers.

(14) Prevent the State Board of Education or the Superintendent of Public Instruction, or any committee advising the board or the superintendent, from holding closed sessions on those portions of its review of assessment instruments pursuant to Chapter 5 (commencing with Section 60600) of, or pursuant to Chapter 8 (commencing with Section 60850) of, Part 33 of the Education Code during which actual test content is reviewed and discussed. The purpose of this provision is to maintain the confidentiality of the assessments under review.

(15) Prevent the California Integrated Waste Management Board or its auxiliary committees from holding closed sessions for the purpose of discussing confidential tax returns, discussing trade secrets or confidential or proprietary information in its possession, or discussing other data, the public disclosure of which is prohibited by law.

(16) Prevent a state body that invests retirement, pension, or endowment funds from holding closed sessions when considering investment decisions. For purposes of consideration of shareholder voting

on corporate stocks held by the state body, closed sessions for the purposes of voting may be held only with respect to election of corporate directors, election of independent auditors, and other financial issues that could have a material effect on the net income of the corporation. For the purpose of real property investment decisions that may be considered in a closed session pursuant to this paragraph, a state body shall also be exempt from the provisions of paragraph (7) relating to the identification of real properties prior to the closed session.

(17) Prevent a state body, or boards, commissions, administrative officers, or other representatives that may properly be designated by law or by a state body, from holding closed sessions with its representatives in discharging its responsibilities under Chapter 10 (commencing with Section 3500), Chapter 10.3 (commencing with Section 3512), Chapter 10.5 (commencing with Section 3525), or Chapter 10.7 (commencing of Section 3540) of Division 4 of Title 1 as the sessions relate to salaries, salary schedules, or compensation paid in the form of fringe benefits. For the purposes enumerated in the preceding sentence, a state body may also meet with a state conciliator who has intervened in the proceedings.

(18) (A) Prevent a state body from holding closed sessions to consider matters posing a threat or potential threat of criminal or terrorist activity against the personnel, property, buildings, facilities, or equipment, including electronic data, owned, leased, or controlled by the state body, where disclosure of these considerations could compromise or impede the safety or security of the personnel, property, buildings, facilities, or equipment, including electronic data, owned, leased, or controlled by the state body.

(B) Notwithstanding any other provision of law, a state body, at any regular or special meeting, may meet in a closed session pursuant to subparagraph (A) upon a two-thirds vote of the members present at the meeting.

(C) After meeting in closed session pursuant to subparagraph (A), the state body shall reconvene in open session prior to adjournment and report that a closed session was held pursuant to subparagraph (A), the general nature of the matters considered, and whether any action was taken in closed session.

(D) After meeting in closed session pursuant to subparagraph (A), the state body shall submit to the Legislative Analyst written notification stating that it held this closed session, the general reason or reasons for the closed session, the general nature of the matters considered, and whether any action was taken in closed session. The Legislative Analyst shall retain for no less than four years any written notification received from a state body pursuant to this subparagraph.

(d) (1) Notwithstanding any other provision of law, any meeting of the Public Utilities Commission at which the rates of entities under the commission's jurisdiction are changed shall be open and public.

(2) Nothing in this article shall be construed to prevent the Public Utilities Commission from holding closed sessions to deliberate on the institution of proceedings, or disciplinary actions against any person or entity under the jurisdiction of the commission.

(e) (1) Nothing in this article shall be construed to prevent a state body, based on the advice of its legal counsel, from holding a closed session to confer with, or receive advice from, its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of the state body in the litigation.

(2) For purposes of this article, all expressions of the lawyer-client privilege other than those provided in this subdivision are hereby abrogated. This subdivision is the exclusive expression of the lawyer-client privilege for purposes of conducting closed session meetings pursuant to this article. For purposes of this subdivision, litigation shall be considered pending when any of the following circumstances exist:

(A) An adjudicatory proceeding before a court, an administrative body exercising its adjudicatory authority, a hearing officer, or an arbitrator, to which the state body is a party, has been initiated formally.

(B) (i) A point has been reached where, in the opinion of the state body on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the state body.

(ii) Based on existing facts and circumstances, the state body is meeting only to decide whether a closed session is authorized pursuant to clause (i).

(C) (i) Based on existing facts and circumstances, the state body has decided to initiate or is deciding whether to initiate litigation.

(ii) The legal counsel of the state body shall prepare and submit to it a memorandum stating the specific reasons and legal authority for the closed session. If the closed session is pursuant to paragraph (1), the memorandum shall include the title of the litigation. If the closed session is pursuant to subparagraph (A) or (B), the memorandum shall include the existing facts and circumstances on which it is based. The legal counsel shall submit the memorandum to the state body prior to the closed session, if feasible, and in any case no later than one week after the closed session. The memorandum shall be exempt from disclosure pursuant to Section 6254.25.

(iii) For purposes of this subdivision, "litigation" includes any adjudicatory proceeding, including eminent domain, before a court,

administrative body exercising its adjudicatory authority, hearing officer, or arbitrator.

(iv) Disclosure of a memorandum required under this subdivision shall not be deemed as a waiver of the lawyer-client privilege, as provided for under Article 3 (commencing with Section 950) of Chapter 4 of Division 8 of the Evidence Code.

(f) In addition to subdivisions (a), (b), and (c), nothing in this article shall be construed to do any of the following:

(1) Prevent a state body operating under a joint powers agreement for insurance pooling from holding a closed session to discuss a claim for the payment of tort liability or public liability losses incurred by the state body or any member agency under the joint powers agreement.

(2) Prevent the examining committee established by the State Board of Forestry and Fire Protection, pursuant to Section 763 of the Public Resources Code, from conducting a closed session to consider disciplinary action against an individual professional forester prior to the filing of an accusation against the forester pursuant to Section 11503.

(3) Prevent an administrative committee established by the California Board of Accountancy pursuant to Section 5020 of the Business and Professions Code from conducting a closed session to consider disciplinary action against an individual accountant prior to the filing of an accusation against the accountant pursuant to Section 11503. Nothing in this article shall be construed to prevent an examining committee established by the California Board of Accountancy pursuant to Section 5023 of the Business and Professions Code from conducting a closed hearing to interview an individual applicant or accountant regarding the applicant's qualifications.

(4) Prevent a state body, as defined in subdivision (b) of Section 11121, from conducting a closed session to consider any matter that properly could be considered in closed session by the state body whose authority it exercises.

(5) Prevent a state body, as defined in subdivision (d) of Section 11121, from conducting a closed session to consider any matter that properly could be considered in a closed session by the body defined as a state body pursuant to subdivision (a) or (b) of Section 11121.

(6) Prevent a state body, as defined in subdivision (c) of Section 11121, from conducting a closed session to consider any matter that properly could be considered in a closed session by the state body it advises.

(7) Prevent the State Board of Equalization from holding closed sessions for either of the following:

(A) When considering matters pertaining to the appointment or removal of the Executive Secretary of the State Board of Equalization.

(B) For the purpose of hearing confidential taxpayer appeals or data, the public disclosure of which is prohibited by law.

(8) Require the State Board of Equalization to disclose any action taken in closed session or documents executed in connection with that action, the public disclosure of which is prohibited by law pursuant to Sections 15619 and 15641 of this code and Sections 833, 7056, 8255, 9255, 11655, 30455, 32455, 38705, 38706, 43651, 45982, 46751, 50159, 55381, and 60609 of the Revenue and Taxation Code.

(9) Prevent the California Earthquake Prediction Evaluation Council, or other body appointed to advise the Director of the Office of Emergency Services or the Governor concerning matters relating to volcanic or earthquake predictions, from holding closed sessions when considering the evaluation of possible predictions.

(g) This article does not prevent either of the following:

(1) The Teachers' Retirement Board or the Board of Administration of the Public Employees' Retirement System from holding closed sessions when considering matters pertaining to the recruitment, appointment, employment, or removal of the chief executive officer or when considering matters pertaining to the recruitment or removal of the Chief Investment Officer of the State Teachers' Retirement System or the Public Employees' Retirement System.

(2) The Commission on Teacher Credentialing from holding closed sessions when considering matters relating to the recruitment, appointment, or removal of its executive director.

(h) This article does not prevent the Board of Administration of the Public Employees' Retirement System from holding closed sessions when considering matters relating to the development of rates and competitive strategy for plans offered pursuant to Chapter 15 (commencing with Section 21660) of Part 3 of Division 5 of Title 2.

SEC. 1.5. Section 11126 of the Government Code, as amended by Section 1 of Chapter 1113 of the Statutes of 2002, is amended to read:

11126. (a) (1) Nothing in this article shall be construed to prevent a state body from holding closed sessions during a regular or special meeting to consider the appointment, employment, evaluation of performance, or dismissal of a public employee or to hear complaints or charges brought against that employee by another person or employee unless the employee requests a public hearing.

(2) As a condition to holding a closed session on the complaints or charges to consider disciplinary action or to consider dismissal, the employee shall be given written notice of his or her right to have a public hearing, rather than a closed session, and that notice shall be delivered to the employee personally or by mail at least 24 hours before the time for holding a regular or special meeting. If notice is not given, any

disciplinary or other action taken against any employee at the closed session shall be null and void.

(3) The state body also may exclude from any public or closed session, during the examination of a witness, any or all other witnesses in the matter being investigated by the state body.

(4) Following the public hearing or closed session, the body may deliberate on the decision to be reached in a closed session.

(b) For the purposes of this section, "employee" does not include any person who is elected to, or appointed to a public office by, any state body. However, officers of the California State University who receive compensation for their services, other than per diem and ordinary and necessary expenses, shall, when engaged in that capacity, be considered employees. Furthermore, for purposes of this section, the term employee includes a person exempt from civil service pursuant to subdivision (e) of Section 4 of Article VII of the California Constitution.

(c) Nothing in this article shall be construed to do any of the following:

(1) Prevent state bodies that administer the licensing of persons engaging in businesses or professions from holding closed sessions to prepare, approve, grade, or administer examinations.

(2) Prevent an advisory body of a state body that administers the licensing of persons engaged in businesses or professions from conducting a closed session to discuss matters that the advisory body has found would constitute an unwarranted invasion of the privacy of an individual licensee or applicant if discussed in an open meeting, provided the advisory body does not include a quorum of the members of the state body it advises. Those matters may include review of an applicant's qualifications for licensure and an inquiry specifically related to the state body's enforcement program concerning an individual licensee or applicant where the inquiry occurs prior to the filing of a civil, criminal, or administrative disciplinary action against the licensee or applicant by the state body.

(3) Prohibit a state body from holding a closed session to deliberate on a decision to be reached in a proceeding required to be conducted pursuant to Chapter 5 (commencing with Section 11500) or similar provisions of law.

(4) Grant a right to enter any correctional institution or the grounds of a correctional institution where that right is not otherwise granted by law, nor shall anything in this article be construed to prevent a state body from holding a closed session when considering and acting upon the determination of a term, parole, or release of any individual or other disposition of an individual case, or if public disclosure of the subjects under discussion or consideration is expressly prohibited by statute.

(5) Prevent any closed session to consider the conferring of honorary degrees, or gifts, donations, and bequests that the donor or proposed donor has requested in writing to be kept confidential.

(6) Prevent the Alcoholic Beverage Control Appeals Board from holding a closed session for the purpose of holding a deliberative conference as provided in Section 11125.

(7) (A) Prevent a state body from holding closed sessions with its negotiator prior to the purchase, sale, exchange, or lease of real property by or for the state body to give instructions to its negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease.

(B) However, prior to the closed session, the state body shall hold an open and public session in which it identifies the real property or real properties that the negotiations may concern and the person or persons with whom its negotiator may negotiate.

(C) For purposes of this paragraph, the negotiator may be a member of the state body.

(D) For purposes of this paragraph, "lease" includes renewal or renegotiation of a lease.

(E) Nothing in this paragraph shall preclude a state body from holding a closed session for discussions regarding eminent domain proceedings pursuant to subdivision (e).

(8) Prevent the California Postsecondary Education Commission from holding closed sessions to consider matters pertaining to the appointment or termination of the Director of the California Postsecondary Education Commission.

(9) Prevent the Council for Private Postsecondary and Vocational Education from holding closed sessions to consider matters pertaining to the appointment or termination of the Executive Director of the Council for Private Postsecondary and Vocational Education.

(10) Prevent the Franchise Tax Board from holding closed sessions for the purpose of discussion of confidential tax returns or information the public disclosure of which is prohibited by law, or from considering matters pertaining to the appointment or removal of the Executive Officer of the Franchise Tax Board.

(11) Require the Franchise Tax Board to notice or disclose any confidential tax information considered in closed sessions, or documents executed in connection therewith, the public disclosure of which is prohibited pursuant to Article 2 (commencing with Section 19542) of Chapter 7 of Part 10.2 of the Revenue and Taxation Code.

(12) Prevent the Board of Corrections from holding closed sessions when considering reports of crime conditions under Section 6027 of the Penal Code.

(13) Prevent the State Air Resources Board from holding closed sessions when considering the proprietary specifications and performance data of manufacturers.

(14) Prevent the State Board of Education or the Superintendent of Public Instruction, or any committee advising the board or the superintendent, from holding closed sessions on those portions of its review of assessment instruments pursuant to Chapter 5 (commencing with Section 60600) of, or pursuant to Chapter 8 (commencing with Section 60850) of, Part 33 of the Education Code during which actual test content is reviewed and discussed. The purpose of this provision is to maintain the confidentiality of the assessments under review.

(15) Prevent the California Integrated Waste Management Board or its auxiliary committees from holding closed sessions for the purpose of discussing confidential tax returns, discussing trade secrets or confidential or proprietary information in its possession, or discussing other data, the public disclosure of which is prohibited by law.

(16) Prevent a state body that invests retirement, pension, or endowment funds from holding closed sessions when considering investment decisions. For purposes of consideration of shareholder voting on corporate stocks held by the state body, closed sessions for the purposes of voting may be held only with respect to election of corporate directors, election of independent auditors, and other financial issues that could have a material effect on the net income of the corporation. For the purpose of real property investment decisions that may be considered in a closed session pursuant to this paragraph, a state body shall also be exempt from the provisions of paragraph (7) relating to the identification of real properties prior to the closed session.

(17) Prevent a state body, or boards, commissions, administrative officers, or other representatives that may properly be designated by law or by a state body, from holding closed sessions with its representatives in discharging its responsibilities under Chapter 10 (commencing with Section 3500), Chapter 10.3 (commencing with Section 3512), Chapter 10.5 (commencing with Section 3525), or Chapter 10.7 (commencing of Section 3540) of Division 4 of Title 1 as the sessions relate to salaries, salary schedules, or compensation paid in the form of fringe benefits. For the purposes enumerated in the preceding sentence, a state body may also meet with a state conciliator who has intervened in the proceedings.

(18) (A) Prevent a state body from holding closed sessions to consider matters posing a threat or potential threat of criminal or terrorist activity against the personnel, property, buildings, facilities, or equipment, including electronic data, owned, leased, or controlled by the state body, where disclosure of these considerations could compromise or impede the safety or security of the personnel, property, buildings, facilities, or

equipment, including electronic data, owned, leased, or controlled by the state body.

(B) Notwithstanding any other provision of law, a state body, at any regular or special meeting, may meet in a closed session pursuant to subparagraph (A) upon a two-thirds vote of the members present at the meeting.

(C) After meeting in closed session pursuant to subparagraph (A), the state body shall reconvene in open session prior to adjournment and report that a closed session was held pursuant to subparagraph (A), the general nature of the matters considered, and whether any action was taken in closed session.

(D) After meeting in closed session pursuant to subparagraph (A), the state body shall submit to the Legislative Analyst written notification stating that it held this closed session, the general reason or reasons for the closed session, the general nature of the matters considered, and whether any action was taken in closed session. The Legislative Analyst shall retain for no less than four years any written notification received from a state body pursuant to this subparagraph.

(d) (1) Notwithstanding any other provision of law, any meeting of the Public Utilities Commission at which the rates of entities under the commission's jurisdiction are changed shall be open and public.

(2) Nothing in this article shall be construed to prevent the Public Utilities Commission from holding closed sessions to deliberate on the institution of proceedings, or disciplinary actions against any person or entity under the jurisdiction of the commission.

(e) (1) Nothing in this article shall be construed to prevent a state body, based on the advice of its legal counsel, from holding a closed session to confer with, or receive advice from, its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of the state body in the litigation.

(2) For purposes of this article, all expressions of the lawyer-client privilege other than those provided in this subdivision are hereby abrogated. This subdivision is the exclusive expression of the lawyer-client privilege for purposes of conducting closed session meetings pursuant to this article. For purposes of this subdivision, litigation shall be considered pending when any of the following circumstances exist:

(A) An adjudicatory proceeding before a court, an administrative body exercising its adjudicatory authority, a hearing officer, or an arbitrator, to which the state body is a party, has been initiated formally.

(B) (i) A point has been reached where, in the opinion of the state body on the advice of its legal counsel, based on existing facts and

circumstances, there is a significant exposure to litigation against the state body.

(ii) Based on existing facts and circumstances, the state body is meeting only to decide whether a closed session is authorized pursuant to clause (i).

(C) (i) Based on existing facts and circumstances, the state body has decided to initiate or is deciding whether to initiate litigation.

(ii) The legal counsel of the state body shall prepare and submit to it a memorandum stating the specific reasons and legal authority for the closed session. If the closed session is pursuant to paragraph (1), the memorandum shall include the title of the litigation. If the closed session is pursuant to subparagraph (A) or (B), the memorandum shall include the existing facts and circumstances on which it is based. The legal counsel shall submit the memorandum to the state body prior to the closed session, if feasible, and in any case no later than one week after the closed session. The memorandum shall be exempt from disclosure pursuant to Section 6254.25.

(iii) For purposes of this subdivision, "litigation" includes any adjudicatory proceeding, including eminent domain, before a court, administrative body exercising its adjudicatory authority, hearing officer, or arbitrator.

(iv) Disclosure of a memorandum required under this subdivision shall not be deemed as a waiver of the lawyer-client privilege, as provided for under Article 3 (commencing with Section 950) of Chapter 4 of Division 8 of the Evidence Code.

(f) In addition to subdivisions (a), (b), and (c), nothing in this article shall be construed to do any of the following:

(1) Prevent a state body operating under a joint powers agreement for insurance pooling from holding a closed session to discuss a claim for the payment of tort liability or public liability losses incurred by the state body or any member agency under the joint powers agreement.

(2) Prevent the examining committee established by the State Board of Forestry and Fire Protection, pursuant to Section 763 of the Public Resources Code, from conducting a closed session to consider disciplinary action against an individual professional forester prior to the filing of an accusation against the forester pursuant to Section 11503.

(3) Prevent an administrative committee established by the California Board of Accountancy pursuant to Section 5020 of the Business and Professions Code from conducting a closed session to consider disciplinary action against an individual accountant prior to the filing of an accusation against the accountant pursuant to Section 11503. Nothing in this article shall be construed to prevent an examining committee established by the California Board of Accountancy pursuant to Section

5023 of the Business and Professions Code from conducting a closed hearing to interview an individual applicant or accountant regarding the applicant's qualifications.

(4) Prevent a state body, as defined in subdivision (b) of Section 11121, from conducting a closed session to consider any matter that properly could be considered in closed session by the state body whose authority it exercises.

(5) Prevent a state body, as defined in subdivision (d) of Section 11121, from conducting a closed session to consider any matter that properly could be considered in a closed session by the body defined as a state body pursuant to subdivision (a) or (b) of Section 11121.

(6) Prevent a state body, as defined in subdivision (c) of Section 11121, from conducting a closed session to consider any matter that properly could be considered in a closed session by the state body it advises.

(7) Prevent the State Board of Equalization from holding closed sessions for either of the following:

(A) When considering matters pertaining to the appointment or removal of the Executive Secretary of the State Board of Equalization.

(B) For the purpose of considering administrative settlements authorized by Sections 7093.5, 9271, 30459.1, 32471, 40211, 41171, 43522, 45867, 46622, 50156.11, 55332, and 60636 of the Revenue and Taxation Code.

(8) Require the State Board of Equalization to disclose any action taken in closed session or documents executed in connection with administrative settlements authorized by Sections 7093.5, 9271, 30459.1, 32471, 40211, 41171, 43522, 45867, 46622, 50156.11, 55332, and 60636 of the Revenue and Taxation Code.

(9) Prevent the California Earthquake Prediction Evaluation Council, or other body appointed to advise the Director of the Office of Emergency Services or the Governor concerning matters relating to volcanic or earthquake predictions, from holding closed sessions when considering the evaluation of possible predictions.

(g) This article does not prevent either of the following:

(1) The Teachers' Retirement Board or the Board of Administration of the Public Employees' Retirement System from holding closed sessions when considering matters pertaining to the recruitment, appointment, employment, or removal of the chief executive officer or when considering matters pertaining to the recruitment or removal of the Chief Investment Officer of the State Teachers' Retirement System or the Public Employees' Retirement System.

(2) The Commission on Teacher Credentialing from holding closed sessions when considering matters relating to the recruitment, appointment, or removal of its executive director.

(h) This article does not prevent the Board of Administration of the Public Employees' Retirement System from holding closed sessions when considering matters relating to the development of rates and competitive strategy for plans offered pursuant to Chapter 15 (commencing with Section 21660) of Part 3 of Division 5 of Title 2.

SEC. 2. Section 11126 of the Government Code, as added by Section 2 of Chapter 1113 of the Statutes of 2002, is repealed.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 11126 of the Government Code proposed by both this bill and SB 234. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 11126 of the Government Code, and (3) this bill is enacted after SB 234, in which case Section 1 of this bill shall not become operative.

CHAPTER 289

An act to amend Sections 171.5 and 602 of the Penal Code, relating to harbors.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 171.5 of the Penal Code is amended to read:

171.5. (a) For purposes of this section:

(1) "Airport" means an airport, with a secured area, that regularly serves an air carrier holding a certificate issued by the United States Secretary of Transportation.

(2) "Passenger vessel terminal" means only that portion of a harbor or port facility, as described in Section 105.105(a)(2) of Title 33 of the Code of Federal Regulations, with a secured area that regularly serves scheduled commuter or passenger operations.

(3) "Sterile area" means a portion of an airport defined in the airport security program to which access generally is controlled through the screening of persons and property, as specified in Section 1540.5 of Title 49 of the Code of Federal Regulations, or a portion of any passenger vessel terminal to which, pursuant to the requirements set forth in Sections 105.255(a)(1), 105.255(c)(1), and 105.260(a) of Title 33 of the

Code of Federal Regulations, access is generally controlled in a manner consistent with the passenger vessel terminal's security plan and the MARSEC level in effect at the time.

(b) It is unlawful for any person to knowingly possess, within any sterile area of an airport or a passenger vessel terminal, any of the items listed in subdivision (c).

(c) The following items are unlawful to possess as provided in subdivision (b):

(1) Any firearm.

(2) Any knife with a blade length in excess of four inches, the blade of which is fixed, or is capable of being fixed, in an unguarded position by the use of one or two hands.

(3) Any box cutter or straight razor.

(4) Any metal military practice hand grenade.

(5) Any metal replica hand grenade.

(6) Any plastic replica hand grenade.

(7) Any imitation firearm as defined in Section 417.4.

(8) Any frame, receiver, barrel, or magazine of a firearm.

(9) Any unauthorized tear gas weapon.

(10) Any taser or stun gun, as defined in Section 244.5.

(11) Any instrument that expels a metallic projectile, such as a BB or pellet, through the force of air pressure, CO_2 pressure, or spring action, or any spot marker gun or paint gun.

(12) Any ammunition as defined in Section 12316.

(d) Subdivision (b) shall not apply to, or affect, any of the following:

(1) A duly appointed peace officer, as defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2, a retired peace officer with authorization to carry concealed weapons as described in subdivision (a) of Section 12027, a full-time paid peace officer of another state or the federal government who is carrying out official duties while in California, or any person summoned by any of these officers to assist in making arrests or preserving the peace while he or she is actually engaged in assisting the officer.

(2) A person who has authorization to possess a weapon specified in subdivision (c), granted in writing by an airport security coordinator who is designated as specified in Section 1542.3 of Title 49 of the Code of Federal Regulations, and who is responsible for the security of the airport.

(3) A person, including an employee of a licensed contract guard service, who has authorization to possess a weapon specified in subdivision (c) granted in writing by a person discharging the duties of Facility Security Officer or Company Security Officer pursuant to an

approved United States Coast Guard facility security plan, and who is responsible for the security of the passenger vessel terminal.

(e) A violation of this section is punishable by imprisonment in a county jail for a period not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or by both that fine and imprisonment.

(f) The provisions of this section are cumulative, and shall not be construed as restricting the application of any other law. However, an act or omission that is punishable in different ways by this and any other provision of law shall not be punished under more than one provision.

(g) Nothing in this section is intended to affect existing state or federal law regarding the transportation of firearms on airplanes in checked luggage, or the possession of the items listed in subdivision (c) in areas that are not "sterile areas."

SEC. 2. Section 602 of the Penal Code is amended to read:

602. Except as provided in paragraph (2) of subdivision (v), subdivision (x), and Section 602.8, every person who willfully commits a trespass by any of the following acts is guilty of a misdemeanor:

(a) Cutting down, destroying, or injuring any kind of wood or timber standing or growing upon the lands of another.

(b) Carrying away any kind of wood or timber lying on those lands.

(c) Maliciously injuring or severing from the freehold of another anything attached to it, or its produce.

(d) Digging, taking, or carrying away from any lot situated within the limits of any incorporated city, without the license of the owner or legal occupant, any earth, soil, or stone.

(e) Digging, taking, or carrying away from land in any city or town laid down on the map or plan of the city, or otherwise recognized or established as a street, alley, avenue, or park, without the license of the proper authorities, any earth, soil, or stone.

(f) Maliciously tearing down, damaging, mutilating, or destroying any sign, signboard, or notice placed upon, or affixed to, any property belonging to the state, or to any city, county, city and county, town or village, or upon any property of any person, by the state or by an automobile association, which sign, signboard or notice is intended to indicate or designate a road, or a highway, or is intended to direct travelers from one point to another, or relates to fires, fire control, or any other matter involving the protection of the property, or putting up, affixing, fastening, printing, or painting upon any property belonging to the state, or to any city, county, town, or village, or dedicated to the public, or upon any property of any person, without license from the owner, any notice, advertisement, or designation of, or any name for any

commodity, whether for sale or otherwise, or any picture, sign, or device intended to call attention to it.

(g) Entering upon any lands owned by any other person whereon oysters or other shellfish are planted or growing; or injuring, gathering, or carrying away any oysters or other shellfish planted, growing, or on any of those lands, whether covered by water or not, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(h) (1) Entering upon lands or buildings owned by any other person without the license of the owner or legal occupant, where signs forbidding trespass are displayed, and whereon cattle, goats, pigs, sheep, fowl, or any other animal is being raised, bred, fed, or held for the purpose of food for human consumption; or injuring, gathering, or carrying away any animal being housed on any of those lands, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(2) In order for there to be a violation of this subdivision, the trespass signs under paragraph (1) must be displayed at intervals not less than three per mile along all exterior boundaries and at all roads and trails entering the land.

(3) This subdivision shall not be construed to preclude prosecution or punishment under any other provision of law, including, but not limited to, grand theft or any provision that provides for a greater penalty or longer term of imprisonment.

(i) Willfully opening, tearing down, or otherwise destroying any fence on the enclosed land of another, or opening any gate, bar, or fence of another and willfully leaving it open without the written permission of the owner, or maliciously tearing down, mutilating, or destroying any sign, signboard, or other notice forbidding shooting on private property.

(j) Building fires upon any lands owned by another where signs forbidding trespass are displayed at intervals not greater than one mile along the exterior boundaries and at all roads and trails entering the lands, without first having obtained written permission from the owner of the lands or the owner's agent, or the person in lawful possession.

(k) Entering any lands, whether unenclosed or enclosed by fence, for the purpose of injuring any property or property rights or with the intention of interfering with, obstructing, or injuring any lawful business or occupation carried on by the owner of the land, the owner's agent or by the person in lawful possession.

(*l*) Entering any lands under cultivation or enclosed by fence, belonging to, or occupied by, another, or entering upon uncultivated or unenclosed lands where signs forbidding trespass are displayed at intervals not less than three to the mile along all exterior boundaries and at all roads and trails entering the lands without the written permission of the owner of the land, the owner's agent or of the person in lawful possession, and

(1) Refusing or failing to leave the lands immediately upon being requested by the owner of the land, the owner's agent or by the person in lawful possession to leave the lands, or

(2) Tearing down, mutilating, or destroying any sign, signboard, or notice forbidding trespass or hunting on the lands, or

(3) Removing, injuring, unlocking, or tampering with any lock on any gate on or leading into the lands, or

(4) Discharging any firearm.

(m) Entering and occupying real property or structures of any kind without the consent of the owner, the owner's agent, or the person in lawful possession.

(n) Driving any vehicle, as defined in Section 670 of the Vehicle Code, upon real property belonging to, or lawfully occupied by, another and known not to be open to the general public, without the consent of the owner, the owner's agent, or the person in lawful possession. This subdivision shall not apply to any person described in Section 22350 of the Business and Professions Code who is making a lawful service of process, provided that upon exiting the vehicle, the person proceeds immediately to attempt the service of process, and leaves immediately upon completing the service of process or upon the request of the owner, the owner's agent, or the person in lawful possession.

(o) Refusing or failing to leave land, real property, or structures belonging to or lawfully occupied by another and not open to the general public, upon being requested to leave by (1) a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, or (2) the owner, the owner's agent, or the person in lawful possession. The owner, the owner's agent, or the person in lawful possession shall make a separate request to the peace officer on each occasion when the peace officer's assistance in dealing with a trespass is requested. However, a single request for a peace officer's assistance may be made to cover a limited period of time not to exceed 30 days and identified by specific dates, during which there is a fire hazard or the owner, owner's agent or person in lawful possession is absent from the premises or property. In addition, a single request for a peace officer's

assistance may be made for a period not to exceed six months when the premises or property is closed to the public and posted as being closed. However, this subdivision shall not be applicable to persons engaged in lawful labor union activities which are permitted to be carried out on the property by the California Agricultural Labor Relations Act, Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code, or by the National Labor Relations Act. For purposes of this section, land, real property, or structures owned or operated by any housing authority for tenants as defined under Section 34213.5 of the Health and Safety Code constitutes property not open to the general public; however, this subdivision shall not apply to persons on the premises who are engaging in activities protected by the California or United States Constitution, or to persons who are on the premises at the request of a resident or management and who are not loitering or otherwise suspected of violating or actually violating any law or ordinance.

(p) Entering upon any lands declared closed to entry as provided in Section 4256 of the Public Resources Code, if the closed areas shall have been posted with notices declaring the closure, at intervals not greater than one mile along the exterior boundaries or along roads and trails passing through the lands.

(q) Refusing or failing to leave a public building of a public agency during those hours of the day or night when the building is regularly closed to the public upon being requested to do so by a regularly employed guard, watchman, or custodian of the public agency owning or maintaining the building or property, if the surrounding circumstances would indicate to a reasonable person that the person has no apparent lawful business to pursue.

(r) Knowingly skiing in an area or on a ski trail which is closed to the public and which has signs posted indicating the closure.

(s) Refusing or failing to leave a hotel or motel, where he or she has obtained accommodations and has refused to pay for those accommodations, upon request of the proprietor or manager, and the occupancy is exempt, pursuant to subdivision (b) of Section 1940 of the Civil Code, from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code. For purposes of this subdivision, occupancy at a hotel or motel for a continuous period of 30 days or less shall, in the absence of a written agreement to the contrary, or other written evidence of a periodic tenancy of indefinite duration, be exempt from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

(t) Entering upon private property, including contiguous land, real property, or structures thereon belonging to the same owner, whether or not generally open to the public, after having been informed by a peace

officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, that the property is not open to the particular person; or refusing or failing to leave the property upon being asked to leave the property in the manner provided in this subdivision.

This subdivision shall apply only to a person who has been convicted of a violent felony, as specified in subdivision (c) of Section 667.5, committed upon the particular private property. A single notification or request to the person as set forth above shall be valid and enforceable under this subdivision unless and until rescinded by the owner, the owner's agent, or the person in lawful possession of the property.

(u) (1) Knowingly entering, by an unauthorized person, upon any airport or passenger vessel terminal operations area if the area has been posted with notices restricting access to authorized personnel only and the postings occur not greater than every 150 feet along the exterior boundary, to the extent, in the case of a passenger vessel terminal, as defined in subparagraph (B) of paragraph (3), that the exterior boundary extends shoreside. To the extent that the exterior boundary of a passenger vessel terminal operations area extends waterside, this prohibition shall apply if notices have been posted in a manner consistent with the requirements for the shoreside exterior boundary, or in any other manner approved by the captain of the port.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) By a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the airport or passenger vessel terminal after being requested to leave by a peace officer or authorized personnel.

(C) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, for a second or subsequent offense.

(3) As used in this subdivision the following definitions shall control:

(A) "Airport operations area" means that part of the airport used by aircraft for landing, taking off, surface maneuvering, loading and unloading, refueling, parking, or maintenance, where aircraft support vehicles and facilities exist, and which is not for public use or public vehicular traffic.

(B) "Passenger vessel terminal" means only that portion of a harbor or port facility, as described in Section 105.105(a)(2) of Title 33 of the Code of Federal Regulations, with a secured area that regularly serves scheduled commuter or passenger operations. For the purposes of this

section, "passenger vessel terminal" does not include any area designated a public access area pursuant to Section 105.106 of Title 33 of the Code of Federal Regulations.

(C) "Authorized personnel" means any person who has a valid airport identification card issued by the airport operator or has a valid airline identification card recognized by the airport operator, or any person not in possession of an airport or airline identification card who is being escorted for legitimate purposes by a person with an airport or airline identification card. "Authorized personnel" also means any person who has a valid port identification card issued by the harbor operator, or who has a valid company identification card issued by a commercial maritime enterprise recognized by the harbor operator, or any other person who is being escorted for legitimate purposes by a person with a valid port or qualifying company identification card.

(D) "Airport" means any facility whose function is to support commercial aviation.

(v) (1) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a sterile area of an airport or passenger vessel terminal, as defined in Section 171.5.

(2) A violation of this subdivision that is responsible for the evacuation of an airport terminal or passenger vessel terminal and is responsible in any part for delays or cancellations of scheduled flights or departures is punishable by imprisonment of not more than one year in a county jail if the sterile area is posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

(w) Refusing or failing to leave a battered women's shelter at any time after being requested to leave by a managing authority of the shelter.

(1) A person who is convicted of violating this subdivision shall be punished by imprisonment in a county jail for not more than one year.

(2) The court may order a defendant who is convicted of violating this subdivision to make restitution to a battered woman in an amount equal to the relocation expenses of the battered woman and her children if those expenses are incurred as a result of trespass by the defendant at a battered women's shelter.

(x) (1) Knowingly entering or remaining in a neonatal unit, maternity ward, or birthing center located in a hospital or clinic without lawful business to pursue therein, if the area has been posted so as to give reasonable notice restricting access to those with lawful business to pursue therein and the surrounding circumstances would indicate to a reasonable person that he or she has no lawful business to pursue therein.

Reasonable notice is that which would give actual notice to a reasonable person, and is posted, at a minimum, at each entrance into the area.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) As an infraction, by a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the posted area after being requested to leave by a peace officer or other authorized person.

(C) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding two thousand dollars ($2,000), or both, for a second or subsequent offense.

(D) If probation is granted or the execution or imposition of sentencing is suspended for any person convicted under this subdivision, it shall be a condition of probation that the person participate in counseling, as designated by the court, unless the court finds good cause not to impose this requirement. The court shall require the person to pay for this counseling, if ordered, unless good cause not to pay is shown.

SEC. 3. Section 602 of the Penal Code is amended to read:

602. Except as provided in paragraph (2) of subdivision (v), subdivision (x), and Section 602.8, every person who willfully commits a trespass by any of the following acts is guilty of a misdemeanor:

(a) Cutting down, destroying, or injuring any kind of wood or timber standing or growing upon the lands of another.

(b) Carrying away any kind of wood or timber lying on those lands.

(c) Maliciously injuring or severing from the freehold of another anything attached to it, or its produce.

(d) Digging, taking, or carrying away from any lot situated within the limits of any incorporated city, without the license of the owner or legal occupant, any earth, soil, or stone.

(e) Digging, taking, or carrying away from land in any city or town laid down on the map or plan of the city, or otherwise recognized or established as a street, alley, avenue, or park, without the license of the proper authorities, any earth, soil, or stone.

(f) Maliciously tearing down, damaging, mutilating, or destroying any sign, signboard, or notice placed upon, or affixed to, any property belonging to the state, or to any city, county, city and county, town or village, or upon any property of any person, by the state or by an automobile association, which sign, signboard or notice is intended to indicate or designate a road, or a highway, or is intended to direct travelers from one point to another, or relates to fires, fire control, or any other matter involving the protection of the property, or putting up,

affixing, fastening, printing, or painting upon any property belonging to the state, or to any city, county, town, or village, or dedicated to the public, or upon any property of any person, without license from the owner, any notice, advertisement, or designation of, or any name for any commodity, whether for sale or otherwise, or any picture, sign, or device intended to call attention to it.

(g) Entering upon any lands owned by any other person whereon oysters or other shellfish are planted or growing; or injuring, gathering, or carrying away any oysters or other shellfish planted, growing, or on any of those lands, whether covered by water or not, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(h) (1) Entering upon lands or buildings owned by any other person without the license of the owner or legal occupant, where signs forbidding trespass are displayed, and whereon cattle, goats, pigs, sheep, fowl, or any other animal is being raised, bred, fed, or held for the purpose of food for human consumption; or injuring, gathering, or carrying away any animal being housed on any of those lands, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(2) In order for there to be a violation of this subdivision, the trespass signs under paragraph (1) must be displayed at intervals not less than three per mile along all exterior boundaries and at all roads and trails entering the land.

(3) This subdivision shall not be construed to preclude prosecution or punishment under any other provision of law, including, but not limited to, grand theft or any provision that provides for a greater penalty or longer term of imprisonment.

(i) Willfully opening, tearing down, or otherwise destroying any fence on the enclosed land of another, or opening any gate, bar, or fence of another and willfully leaving it open without the written permission of the owner, or maliciously tearing down, mutilating, or destroying any sign, signboard, or other notice forbidding shooting on private property.

(j) Building fires upon any lands owned by another where signs forbidding trespass are displayed at intervals not greater than one mile along the exterior boundaries and at all roads and trails entering the lands, without first having obtained written permission from the owner of the lands or the owner's agent, or the person in lawful possession.

(k) Entering any lands, whether unenclosed or enclosed by fence, for the purpose of injuring any property or property rights or with the intention of interfering with, obstructing, or injuring any lawful business or occupation carried on by the owner of the land, the owner's agent or by the person in lawful possession.

(*l*) Entering any lands under cultivation or enclosed by fence, belonging to, or occupied by, another, or entering upon uncultivated or unenclosed lands where signs forbidding trespass are displayed at intervals not less than three to the mile along all exterior boundaries and at all roads and trails entering the lands without the written permission of the owner of the land, the owner's agent or of the person in lawful possession, and

(1) Refusing or failing to leave the lands immediately upon being requested by the owner of the land, the owner's agent or by the person in lawful possession to leave the lands, or

(2) Tearing down, mutilating, or destroying any sign, signboard, or notice forbidding trespass or hunting on the lands, or

(3) Removing, injuring, unlocking, or tampering with any lock on any gate on or leading into the lands, or

(4) Discharging any firearm.

(m) Entering and occupying real property or structures of any kind without the consent of the owner, the owner's agent, or the person in lawful possession.

(n) Driving any vehicle, as defined in Section 670 of the Vehicle Code, upon real property belonging to, or lawfully occupied by, another and known not to be open to the general public, without the consent of the owner, the owner's agent, or the person in lawful possession. This subdivision shall not apply to any person described in Section 22350 of the Business and Professions Code who is making a lawful service of process, provided that upon exiting the vehicle, the person proceeds immediately to attempt the service of process, and leaves immediately upon completing the service of process or upon the request of the owner, the owner's agent, or the person in lawful possession.

(o) Refusing or failing to leave land, real property, or structures belonging to or lawfully occupied by another and not open to the general public, upon being requested to leave by (1) a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, or (2) the owner, the owner's agent, or the person in lawful possession. The owner, the owner's agent, or the person in lawful possession shall make a separate request to the peace officer on each occasion when the peace officer's assistance in dealing with a trespass

is requested. However, a single request for a peace officer's assistance may be made to cover a limited period of time not to exceed 30 days and identified by specific dates, during which there is a fire hazard or the owner, owner's agent or person in lawful possession is absent from the premises or property. In addition, a single request for a peace officer's assistance may be made for a period not to exceed six months when the premises or property is closed to the public and posted as being closed. However, this subdivision shall not be applicable to persons engaged in lawful labor union activities which are permitted to be carried out on the property by the California Agricultural Labor Relations Act, Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code, or by the National Labor Relations Act, or to persons entering property pursuant to Section 1942.6 of the Civil Code. For purposes of this section, land, real property, or structures owned or operated by any housing authority for tenants as defined under Section 34213.5 of the Health and Safety Code constitutes property not open to the general public; however, this subdivision shall not apply to persons on the premises who are engaging in activities protected by the California or United States Constitution, or to persons who are on the premises at the request of a resident or management and who are not loitering or otherwise suspected of violating or actually violating any law or ordinance.

(p) Entering upon any lands declared closed to entry as provided in Section 4256 of the Public Resources Code, if the closed areas shall have been posted with notices declaring the closure, at intervals not greater than one mile along the exterior boundaries or along roads and trails passing through the lands.

(q) Refusing or failing to leave a public building of a public agency during those hours of the day or night when the building is regularly closed to the public upon being requested to do so by a regularly employed guard, watchman, or custodian of the public agency owning or maintaining the building or property, if the surrounding circumstances would indicate to a reasonable person that the person has no apparent lawful business to pursue.

(r) Knowingly skiing in an area or on a ski trail which is closed to the public and which has signs posted indicating the closure.

(s) Refusing or failing to leave a hotel or motel, where he or she has obtained accommodations and has refused to pay for those accommodations, upon request of the proprietor or manager, and the occupancy is exempt, pursuant to subdivision (b) of Section 1940 of the Civil Code, from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code. For purposes of this subdivision, occupancy at a hotel or motel for a continuous period of 30 days or less shall, in the absence of a written agreement to the contrary, or other

written evidence of a periodic tenancy of indefinite duration, be exempt from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

(t) Entering upon private property, including contiguous land, real property, or structures thereon belonging to the same owner, whether or not generally open to the public, after having been informed by a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, that the property is not open to the particular person; or refusing or failing to leave the property upon being asked to leave the property in the manner provided in this subdivision.

This subdivision shall apply only to a person who has been convicted of a violent felony, as specified in subdivision (c) of Section 667.5, committed upon the particular private property. A single notification or request to the person as set forth above shall be valid and enforceable under this subdivision unless and until rescinded by the owner, the owner's agent, or the person in lawful possession of the property.

(u) (1) Knowingly entering, by an unauthorized person, upon any airport or passenger vessel terminal operations area if the area has been posted with notices restricting access to authorized personnel only and the postings occur not greater than every 150 feet along the exterior boundary, to the extent, in the case of a passenger vessel terminal, as defined in subparagraph (B) of paragraph (3), that the exterior boundary extends shoreside. To the extent that the exterior boundary of a passenger vessel terminal operations area extends waterside, this prohibition shall apply if notices have been posted in a manner consistent with the requirements for the shoreside exterior boundary, or in any other manner approved by the captain of the port.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) By a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the airport or passenger vessel terminal after being requested to leave by a peace officer or authorized personnel.

(C) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, for a second or subsequent offense.

(3) As used in this subdivision the following definitions shall control:

(A) "Airport operations area" means that part of the airport used by aircraft for landing, taking off, surface maneuvering, loading and unloading, refueling, parking, or maintenance, where aircraft support

vehicles and facilities exist, and which is not for public use or public vehicular traffic.

(B) "Passenger vessel terminal" means only that portion of a harbor or port facility, as described in Section 105.105(a)(2) of Title 33 of the Code of Federal Regulations, with a secured area that regularly serves scheduled commuter or passenger operations. For the purposes of this section, "passenger vessel terminal" does not include any area designated a public access area pursuant to Section 105.106 of Title 33 of the Code of Federal Regulations.

(C) "Authorized personnel" means any person who has a valid airport identification card issued by the airport operator or has a valid airline identification card recognized by the airport operator, or any person not in possession of an airport or airline identification card who is being escorted for legitimate purposes by a person with an airport or airline identification card. "Authorized personnel" also means any person who has a valid port identification card issued by the harbor operator, or who has a valid company identification card issued by a commercial maritime enterprise recognized by the harbor operator, or any other person who is being escorted for legitimate purposes by a person with a valid port or qualifying company identification card.

(D) "Airport" means any facility whose function is to support commercial aviation.

(v) (1) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a sterile area of an airport or passenger vessel terminal, as defined in Section 171.5.

(2) A violation of this subdivision that is responsible for the evacuation of an airport terminal or passenger vessel terminal and is responsible in any part for delays or cancellations of scheduled flights or departures is punishable by imprisonment of not more than one year in a county jail if the sterile area is posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

(w) Refusing or failing to leave a battered women's shelter at any time after being requested to leave by a managing authority of the shelter.

(1) A person who is convicted of violating this subdivision shall be punished by imprisonment in a county jail for not more than one year.

(2) The court may order a defendant who is convicted of violating this subdivision to make restitution to a battered woman in an amount equal to the relocation expenses of the battered woman and her children if those expenses are incurred as a result of trespass by the defendant at a battered women's shelter.

(x) (1) Knowingly entering or remaining in a neonatal unit, maternity ward, or birthing center located in a hospital or clinic without lawful business to pursue therein, if the area has been posted so as to give reasonable notice restricting access to those with lawful business to pursue therein and the surrounding circumstances would indicate to a reasonable person that he or she has no lawful business to pursue therein. Reasonable notice is that which would give actual notice to a reasonable person, and is posted, at a minimum, at each entrance into the area.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) As an infraction, by a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the posted area after being requested to leave by a peace officer or other authorized person.

(C) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding two thousand dollars ($2,000), or both, for a second or subsequent offense.

(D) If probation is granted or the execution or imposition of sentencing is suspended for any person convicted under this subdivision, it shall be a condition of probation that the person participate in counseling, as designated by the court, unless the court finds good cause not to impose this requirement. The court shall require the person to pay for this counseling, if ordered, unless good cause not to pay is shown.

SEC. 4. Section 602 of the Penal Code is amended to read:

602. Except as provided in paragraph (2) of subdivision (v), subdivision (x), and Section 602.8, every person who willfully commits a trespass by any of the following acts is guilty of a misdemeanor:

(a) Cutting down, destroying, or injuring any kind of wood or timber standing or growing upon the lands of another.

(b) Carrying away any kind of wood or timber lying on those lands.

(c) Maliciously injuring or severing from the freehold of another anything attached to it, or its produce.

(d) Digging, taking, or carrying away from any lot situated within the limits of any incorporated city, without the license of the owner or legal occupant, any earth, soil, or stone.

(e) Digging, taking, or carrying away from land in any city or town laid down on the map or plan of the city, or otherwise recognized or established as a street, alley, avenue, or park, without the license of the proper authorities, any earth, soil, or stone.

(f) Maliciously tearing down, damaging, mutilating, or destroying any sign, signboard, or notice placed upon, or affixed to, any property

belonging to the state, or to any city, county, city and county, town or village, or upon any property of any person, by the state or by an automobile association, which sign, signboard or notice is intended to indicate or designate a road, or a highway, or is intended to direct travelers from one point to another, or relates to fires, fire control, or any other matter involving the protection of the property, or putting up, affixing, fastening, printing, or painting upon any property belonging to the state, or to any city, county, town, or village, or dedicated to the public, or upon any property of any person, without license from the owner, any notice, advertisement, or designation of, or any name for any commodity, whether for sale or otherwise, or any picture, sign, or device intended to call attention to it.

(g) Entering upon any lands owned by any other person whereon oysters or other shellfish are planted or growing; or injuring, gathering, or carrying away any oysters or other shellfish planted, growing, or on any of those lands, whether covered by water or not, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(h) (1) Entering upon lands or buildings owned by any other person without the license of the owner or legal occupant, where signs forbidding trespass are displayed, and whereon cattle, goats, pigs, sheep, fowl, or any other animal is being raised, bred, fed, or held for the purpose of food for human consumption; or injuring, gathering, or carrying away any animal being housed on any of those lands, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(2) In order for there to be a violation of this subdivision, the trespass signs under paragraph (1) must be displayed at intervals not less than three per mile along all exterior boundaries and at all roads and trails entering the land.

(3) This subdivision shall not be construed to preclude prosecution or punishment under any other provision of law, including, but not limited to, grand theft or any provision that provides for a greater penalty or longer term of imprisonment.

(i) Willfully opening, tearing down, or otherwise destroying any fence on the enclosed land of another, or opening any gate, bar, or fence of another and willfully leaving it open without the written permission of the owner, or maliciously tearing down, mutilating, or destroying any sign, signboard, or other notice forbidding shooting on private property.

(j) Building fires upon any lands owned by another where signs forbidding trespass are displayed at intervals not greater than one mile along the exterior boundaries and at all roads and trails entering the lands, without first having obtained written permission from the owner of the lands or the owner's agent, or the person in lawful possession.

(k) Entering any lands, whether unenclosed or enclosed by fence, for the purpose of injuring any property or property rights or with the intention of interfering with, obstructing, or injuring any lawful business or occupation carried on by the owner of the land, the owner's agent or by the person in lawful possession.

(*l*) Entering any lands under cultivation or enclosed by fence, belonging to, or occupied by, another, or entering upon uncultivated or unenclosed lands where signs forbidding trespass are displayed at intervals not less than three to the mile along all exterior boundaries and at all roads and trails entering the lands without the written permission of the owner of the land, the owner's agent or of the person in lawful possession, and

(1) Refusing or failing to leave the lands immediately upon being requested by the owner of the land, the owner's agent or by the person in lawful possession to leave the lands, or

(2) Tearing down, mutilating, or destroying any sign, signboard, or notice forbidding trespass or hunting on the lands, or

(3) Removing, injuring, unlocking, or tampering with any lock on any gate on or leading into the lands, or

(4) Discharging any firearm.

(m) Entering and occupying real property or structures of any kind without the consent of the owner, the owner's agent, or the person in lawful possession.

(n) Driving any vehicle, as defined in Section 670 of the Vehicle Code, upon real property belonging to, or lawfully occupied by, another and known not to be open to the general public, without the consent of the owner, the owner's agent, or the person in lawful possession. This subdivision shall not apply to any person described in Section 22350 of the Business and Professions Code who is making a lawful service of process, provided that upon exiting the vehicle, the person proceeds immediately to attempt the service of process, and leaves immediately upon completing the service of process or upon the request of the owner, the owner's agent, or the person in lawful possession.

(o) Refusing or failing to leave land, real property, or structures belonging to or lawfully occupied by another and not open to the general public, upon being requested to leave by (1) a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the

request of the owner, the owner's agent, or the person in lawful possession, or (2) the owner, the owner's agent, or the person in lawful possession. The owner, the owner's agent, or the person in lawful possession shall make a separate request to the peace officer on each occasion when the peace officer's assistance in dealing with a trespass is requested. However, a single request for a peace officer's assistance may be made to cover a limited period of time not to exceed 30 days and identified by specific dates, during which there is a fire hazard or the owner, owner's agent or person in lawful possession is absent from the premises or property. In addition, a single request for a peace officer's assistance may be made for a period not to exceed six months when the premises or property is closed to the public and posted as being closed. However, this subdivision shall not be applicable to persons engaged in lawful labor union activities which are permitted to be carried out on the property by the California Agricultural Labor Relations Act, Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code, or by the National Labor Relations Act. For purposes of this section, land, real property, or structures owned or operated by any housing authority for tenants as defined under Section 34213.5 of the Health and Safety Code constitutes property not open to the general public; however, this subdivision shall not apply to persons on the premises who are engaging in activities protected by the California or United States Constitution, or to persons who are on the premises at the request of a resident or management and who are not loitering or otherwise suspected of violating or actually violating any law or ordinance.

(p) Entering upon any lands declared closed to entry as provided in Section 4256 of the Public Resources Code, if the closed areas shall have been posted with notices declaring the closure, at intervals not greater than one mile along the exterior boundaries or along roads and trails passing through the lands.

(q) Refusing or failing to leave a public building of a public agency during those hours of the day or night when the building is regularly closed to the public upon being requested to do so by a regularly employed guard, watchman, or custodian of the public agency owning or maintaining the building or property, if the surrounding circumstances would indicate to a reasonable person that the person has no apparent lawful business to pursue.

(r) Knowingly skiing in an area or on a ski trail which is closed to the public and which has signs posted indicating the closure.

(s) Refusing or failing to leave a hotel or motel, where he or she has obtained accommodations and has refused to pay for those accommodations, upon request of the proprietor or manager, and the occupancy is exempt, pursuant to subdivision (b) of Section 1940 of the

Civil Code, from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code. For purposes of this subdivision, occupancy at a hotel or motel for a continuous period of 30 days or less shall, in the absence of a written agreement to the contrary, or other written evidence of a periodic tenancy of indefinite duration, be exempt from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

(t) Entering upon private property, including contiguous land, real property, or structures thereon belonging to the same owner, whether or not generally open to the public, after having been informed by a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, that the property is not open to the particular person; or refusing or failing to leave the property upon being asked to leave the property in the manner provided in this subdivision.

This subdivision shall apply only to a person who has been convicted of a violent felony, as specified in subdivision (c) of Section 667.5, committed upon the particular private property. A single notification or request to the person as set forth above shall be valid and enforceable under this subdivision unless and until rescinded by the owner, the owner's agent, or the person in lawful possession of the property.

(u) (1) Knowingly entering, by an unauthorized person, upon any airport or passenger vessel terminal operations area if the area has been posted with notices restricting access to authorized personnel only and the postings occur not greater than every 150 feet along the exterior boundary, to the extent, in the case of a passenger vessel terminal, as defined in subparagraph (B) of paragraph (3), that the exterior boundary extends shoreside. To the extent that the exterior boundary of a passenger vessel terminal operations area extends waterside, this prohibition shall apply if notices have been posted in a manner consistent with the requirements for the shoreside exterior boundary, or in any other manner approved by the captain of the port.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) By a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the airport or passenger vessel terminal after being requested to leave by a peace officer or authorized personnel.

(C) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, for a second or subsequent offense.

(3) As used in this subdivision the following definitions shall control:

(A) "Airport operations area" means that part of the airport used by aircraft for landing, taking off, surface maneuvering, loading and unloading, refueling, parking, or maintenance, where aircraft support vehicles and facilities exist, and which is not for public use or public vehicular traffic.

(B) "Passenger vessel terminal" means only that portion of a harbor or port facility, as described in Section 105.105(a)(2) of Title 33 of the Code of Federal Regulations, with a secured area that regularly serves scheduled commuter or passenger operations. For the purposes of this section, "passenger vessel terminal" does not include any area designated a public access area pursuant to Section 105.106 of Title 33 of the Code of Federal Regulations.

(C) "Authorized personnel" means any person who has a valid airport identification card issued by the airport operator or has a valid airline identification card recognized by the airport operator, or any person not in possession of an airport or airline identification card who is being escorted for legitimate purposes by a person with an airport or airline identification card. "Authorized personnel" also means any person who has a valid port identification card issued by the harbor operator, or who has a valid company identification card issued by a commercial maritime enterprise recognized by the harbor operator, or any other person who is being escorted for legitimate purposes by a person with a valid port or qualifying company identification card.

(D) "Airport" means any facility whose function is to support commercial aviation.

(v) (1) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a sterile area of an airport or passenger vessel terminal, as defined in Section 171.5.

(2) A violation of this subdivision that is responsible for the evacuation of an airport terminal or passenger vessel terminal and is responsible in any part for delays or cancellations of scheduled flights or departures is punishable by imprisonment of not more than one year in a county jail if the sterile area is posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

(w) Refusing or failing to leave a battered women's shelter at any time after being requested to leave by a managing authority of the shelter.

(1) A person who is convicted of violating this subdivision shall be punished by imprisonment in a county jail for not more than one year.

(2) The court may order a defendant who is convicted of violating this subdivision to make restitution to a battered woman in an amount

equal to the relocation expenses of the battered woman and her children if those expenses are incurred as a result of trespass by the defendant at a battered women's shelter.

(x) (1) Knowingly entering or remaining in a neonatal unit, maternity ward, or birthing center located in a hospital or clinic without lawful business to pursue therein, if the area has been posted so as to give reasonable notice restricting access to those with lawful business to pursue therein and the surrounding circumstances would indicate to a reasonable person that he or she has no lawful business to pursue therein. Reasonable notice is that which would give actual notice to a reasonable person, and is posted, at a minimum, at each entrance into the area.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) As an infraction, by a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the posted area after being requested to leave by a peace officer or other authorized person.

(C) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding two thousand dollars ($2,000), or both, for a second or subsequent offense.

(D) If probation is granted or the execution or imposition of sentencing is suspended for any person convicted under this subdivision, it shall be a condition of probation that the person participate in counseling, as designated by the court, unless the court finds good cause not to impose this requirement. The court shall require the person to pay for this counseling, if ordered, unless good cause not to pay is shown.

(y) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a courthouse or a city, county, city and county, or state building if entrances to the courthouse or the city, county, city and county, or state building have been posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

SEC. 5. Section 602 of the Penal Code is amended to read:

602. Except as provided in paragraph (2) of subdivision (v), subdivision (x), and Section 602.8, every person who willfully commits a trespass by any of the following acts is guilty of a misdemeanor:

(a) Cutting down, destroying, or injuring any kind of wood or timber standing or growing upon the lands of another.

(b) Carrying away any kind of wood or timber lying on those lands.

(c) Maliciously injuring or severing from the freehold of another anything attached to it, or its produce.

(d) Digging, taking, or carrying away from any lot situated within the limits of any incorporated city, without the license of the owner or legal occupant, any earth, soil, or stone.

(e) Digging, taking, or carrying away from land in any city or town laid down on the map or plan of the city, or otherwise recognized or established as a street, alley, avenue, or park, without the license of the proper authorities, any earth, soil, or stone.

(f) Maliciously tearing down, damaging, mutilating, or destroying any sign, signboard, or notice placed upon, or affixed to, any property belonging to the state, or to any city, county, city and county, town or village, or upon any property of any person, by the state or by an automobile association, which sign, signboard or notice is intended to indicate or designate a road, or a highway, or is intended to direct travelers from one point to another, or relates to fires, fire control, or any other matter involving the protection of the property, or putting up, affixing, fastening, printing, or painting upon any property belonging to the state, or to any city, county, town, or village, or dedicated to the public, or upon any property of any person, without license from the owner, any notice, advertisement, or designation of, or any name for any commodity, whether for sale or otherwise, or any picture, sign, or device intended to call attention to it.

(g) Entering upon any lands owned by any other person whereon oysters or other shellfish are planted or growing; or injuring, gathering, or carrying away any oysters or other shellfish planted, growing, or on any of those lands, whether covered by water or not, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(h) (1) Entering upon lands or buildings owned by any other person without the license of the owner or legal occupant, where signs forbidding trespass are displayed, and whereon cattle, goats, pigs, sheep, fowl, or any other animal is being raised, bred, fed, or held for the purpose of food for human consumption; or injuring, gathering, or carrying away any animal being housed on any of those lands, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(2) In order for there to be a violation of this subdivision, the trespass signs under paragraph (1) must be displayed at intervals not less than

three per mile along all exterior boundaries and at all roads and trails entering the land.

(3) This subdivision shall not be construed to preclude prosecution or punishment under any other provision of law, including, but not limited to, grand theft or any provision that provides for a greater penalty or longer term of imprisonment.

(i) Willfully opening, tearing down, or otherwise destroying any fence on the enclosed land of another, or opening any gate, bar, or fence of another and willfully leaving it open without the written permission of the owner, or maliciously tearing down, mutilating, or destroying any sign, signboard, or other notice forbidding shooting on private property.

(j) Building fires upon any lands owned by another where signs forbidding trespass are displayed at intervals not greater than one mile along the exterior boundaries and at all roads and trails entering the lands, without first having obtained written permission from the owner of the lands or the owner's agent, or the person in lawful possession.

(k) Entering any lands, whether unenclosed or enclosed by fence, for the purpose of injuring any property or property rights or with the intention of interfering with, obstructing, or injuring any lawful business or occupation carried on by the owner of the land, the owner's agent or by the person in lawful possession.

(*l*) Entering any lands under cultivation or enclosed by fence, belonging to, or occupied by, another, or entering upon uncultivated or unenclosed lands where signs forbidding trespass are displayed at intervals not less than three to the mile along all exterior boundaries and at all roads and trails entering the lands without the written permission of the owner of the land, the owner's agent or of the person in lawful possession, and

(1) Refusing or failing to leave the lands immediately upon being requested by the owner of the land, the owner's agent or by the person in lawful possession to leave the lands, or

(2) Tearing down, mutilating, or destroying any sign, signboard, or notice forbidding trespass or hunting on the lands, or

(3) Removing, injuring, unlocking, or tampering with any lock on any gate on or leading into the lands, or

(4) Discharging any firearm.

(m) Entering and occupying real property or structures of any kind without the consent of the owner, the owner's agent, or the person in lawful possession.

(n) Driving any vehicle, as defined in Section 670 of the Vehicle Code, upon real property belonging to, or lawfully occupied by, another and known not to be open to the general public, without the consent of the owner, the owner's agent, or the person in lawful possession. This

subdivision shall not apply to any person described in Section 22350 of the Business and Professions Code who is making a lawful service of process, provided that upon exiting the vehicle, the person proceeds immediately to attempt the service of process, and leaves immediately upon completing the service of process or upon the request of the owner, the owner's agent, or the person in lawful possession.

(o) Refusing or failing to leave land, real property, or structures belonging to or lawfully occupied by another and not open to the general public, upon being requested to leave by (1) a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, or (2) the owner, the owner's agent, or the person in lawful possession. The owner, the owner's agent, or the person in lawful possession shall make a separate request to the peace officer on each occasion when the peace officer's assistance in dealing with a trespass is requested. However, a single request for a peace officer's assistance may be made to cover a limited period of time not to exceed 30 days and identified by specific dates, during which there is a fire hazard or the owner, owner's agent or person in lawful possession is absent from the premises or property. In addition, a single request for a peace officer's assistance may be made for a period not to exceed six months when the premises or property is closed to the public and posted as being closed. However, this subdivision shall not be applicable to persons engaged in lawful labor union activities which are permitted to be carried out on the property by the California Agricultural Labor Relations Act, Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code, or by the National Labor Relations Act, or to persons entering property pursuant to Section 1942.6 of the Civil Code. For purposes of this section, land, real property, or structures owned or operated by any housing authority for tenants as defined under Section 34213.5 of the Health and Safety Code constitutes property not open to the general public; however, this subdivision shall not apply to persons on the premises who are engaging in activities protected by the California or United States Constitution, or to persons who are on the premises at the request of a resident or management and who are not loitering or otherwise suspected of violating or actually violating any law or ordinance.

(p) Entering upon any lands declared closed to entry as provided in Section 4256 of the Public Resources Code, if the closed areas shall have been posted with notices declaring the closure, at intervals not greater than one mile along the exterior boundaries or along roads and trails passing through the lands.

(q) Refusing or failing to leave a public building of a public agency during those hours of the day or night when the building is regularly closed to the public upon being requested to do so by a regularly employed guard, watchman, or custodian of the public agency owning or maintaining the building or property, if the surrounding circumstances would indicate to a reasonable person that the person has no apparent lawful business to pursue.

(r) Knowingly skiing in an area or on a ski trail which is closed to the public and which has signs posted indicating the closure.

(s) Refusing or failing to leave a hotel or motel, where he or she has obtained accommodations and has refused to pay for those accommodations, upon request of the proprietor or manager, and the occupancy is exempt, pursuant to subdivision (b) of Section 1940 of the Civil Code, from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code. For purposes of this subdivision, occupancy at a hotel or motel for a continuous period of 30 days or less shall, in the absence of a written agreement to the contrary, or other written evidence of a periodic tenancy of indefinite duration, be exempt from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

(t) Entering upon private property, including contiguous land, real property, or structures thereon belonging to the same owner, whether or not generally open to the public, after having been informed by a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, that the property is not open to the particular person; or refusing or failing to leave the property upon being asked to leave the property in the manner provided in this subdivision.

This subdivision shall apply only to a person who has been convicted of a violent felony, as specified in subdivision (c) of Section 667.5, committed upon the particular private property. A single notification or request to the person as set forth above shall be valid and enforceable under this subdivision unless and until rescinded by the owner, the owner's agent, or the person in lawful possession of the property.

(u) (1) Knowingly entering, by an unauthorized person, upon any airport or passenger vessel terminal operations area if the area has been posted with notices restricting access to authorized personnel only and the postings occur not greater than every 150 feet along the exterior boundary, to the extent, in the case of a passenger vessel terminal, as defined in subparagraph (B) of paragraph (3), that the exterior boundary extends shoreside. To the extent that the exterior boundary of a passenger vessel terminal operations area extends waterside, this prohibition shall

apply if notices have been posted in a manner consistent with the requirements for the shoreside exterior boundary, or in any other manner approved by the captain of the port.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) By a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the airport or passenger vessel terminal after being requested to leave by a peace officer or authorized personnel.

(C) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, for a second or subsequent offense.

(3) As used in this subdivision the following definitions shall control:

(A) "Airport operations area" means that part of the airport used by aircraft for landing, taking off, surface maneuvering, loading and unloading, refueling, parking, or maintenance, where aircraft support vehicles and facilities exist, and which is not for public use or public vehicular traffic.

(B) "Passenger vessel terminal" means only that portion of a harbor or port facility, as described in Section 105.105(a)(2) of Title 33 of the Code of Federal Regulations, with a secured area that regularly serves scheduled commuter or passenger operations. For the purposes of this section, "passenger vessel terminal" does not include any area designated a public access area pursuant to Section 105.106 of Title 33 of the Code of Federal Regulations.

(C) "Authorized personnel" means any person who has a valid airport identification card issued by the airport operator or has a valid airline identification card recognized by the airport operator, or any person not in possession of an airport or airline identification card who is being escorted for legitimate purposes by a person with an airport or airline identification card. "Authorized personnel" also means any person who has a valid port identification card issued by the harbor operator, or who has a valid company identification card issued by a commercial maritime enterprise recognized by the harbor operator, or any other person who is being escorted for legitimate purposes by a person with a valid port or qualifying company identification card.

(D) "Airport" means any facility whose function is to support commercial aviation.

(v) (1) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control

access when entering or reentering a sterile area of an airport or passenger vessel terminal, as defined in Section 171.5.

(2) A violation of this subdivision that is responsible for the evacuation of an airport terminal or passenger vessel terminal and is responsible in any part for delays or cancellations of scheduled flights or departures is punishable by imprisonment of not more than one year in a county jail if the sterile area is posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

(w) Refusing or failing to leave a battered women's shelter at any time after being requested to leave by a managing authority of the shelter.

(1) A person who is convicted of violating this subdivision shall be punished by imprisonment in a county jail for not more than one year.

(2) The court may order a defendant who is convicted of violating this subdivision to make restitution to a battered woman in an amount equal to the relocation expenses of the battered woman and her children if those expenses are incurred as a result of trespass by the defendant at a battered women's shelter.

(x) (1) Knowingly entering or remaining in a neonatal unit, maternity ward, or birthing center located in a hospital or clinic without lawful business to pursue therein, if the area has been posted so as to give reasonable notice restricting access to those with lawful business to pursue therein and the surrounding circumstances would indicate to a reasonable person that he or she has no lawful business to pursue therein. Reasonable notice is that which would give actual notice to a reasonable person, and is posted, at a minimum, at each entrance into the area.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) As an infraction, by a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the posted area after being requested to leave by a peace officer or other authorized person.

(C) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding two thousand dollars ($2,000), or both, for a second or subsequent offense.

(D) If probation is granted or the execution or imposition of sentencing is suspended for any person convicted under this subdivision, it shall be a condition of probation that the person participate in counseling, as designated by the court, unless the court finds good cause not to impose this requirement. The court shall require the person to pay for this counseling, if ordered, unless good cause not to pay is shown.

(y) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a courthouse or a city, county, city and county, or state building if entrances to the courthouse or the city, county, city and county, or state building have been posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

SEC. 6. (a) Section 3 of this bill incorporates amendments to Section 602 of the Penal Code proposed by both this bill and SB 735. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 602 of the Penal Code, (3) AB 280 is not enacted or as enacted does not amend that section, and (4) this bill is enacted after SB 735, in which case Sections 2, 4, and 5 of this bill shall not become operative.

(b) Section 4 of this bill incorporates amendments to Section 602 of the Penal Code proposed by both this bill and SB 584. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 602 of the Penal Code, (3) SB 735 is not enacted or as enacted does not amend that section, and (4) this bill is enacted after SB 584 in which case Sections 2, 3, and 5 of this bill shall not become operative.

(c) Section 5 of this bill incorporates amendments to Section 602 of the Penal Code proposed by this bill, SB 735, and SB 584. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2006, (2) all three bills amend Section 602 of the Penal Code, and (3) this bill is enacted after SB 735 and SB 584, in which case Sections 2, 3, and 4 of this bill shall not become operative.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 290

An act to add Article 4.5 (commencing with Section 4147) to Chapter 1 of Part 2 of Division 4 of the Public Resources Code, relating to disaster response.

[Approved by Governor September 22, 2005. Filed with
Secretary of State September 22, 2005.]

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

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

(a) In the aftermath of the firestorms that devastated southern California in the fall of 2003, a bipartisan 34-member Blue Ribbon Fire Commission was established to examine the devastating effects of the fires in an effort to prevent similar devastation of life and property in the future.

(b) The commission's final report called on the state to, among other things, examine alternatives for the replacement and diversification of the aging helicopter fleet of the Department of Forestry and Fire Protection and begin a helicopter replacement planning cycle.

(c) Since 1981, the Department of Forestry and Fire Protection has effectively and efficiently utilized the Federal Excess Personal Property Program to cost-effectively acquire and refurbish surplus federal military aircraft, including UH-1 helicopters, for use in its aerial firefighting and rescue operations.

(d) The Department of Forestry and Fire Protection's ability to continue to acquire surplus military UH-1 aircraft and parts is in doubt, because the military no longer purchases these aircraft.

(e) In light of the commission's findings, it is imperative that the state have the resources necessary to meet the future needs of the Department of Forestry and Fire Protection, and to ensure that in the event of a major disaster, such as the 2003 southern California fire siege, adequate resources are available and can be quickly and efficiently deployed.

SEC. 2. Article 4.5 (commencing with Section 4147) is added to Chapter 1 of Part 2 of Division 4 of the Public Resources Code, to read:

Article 4.5. Rapid Disaster Response Act of 2005

4147. This article shall be known, and may be cited, as the Rapid Disaster Response Act of 2005.

4148. The director shall draw upon eligible federal funds to augment any state funds appropriated by the Legislature for the purpose of replacing the department's aging helicopter fleet.

CHAPTER 291

An act to repeal and add Chapter 3 (commencing with Section 800) of Division 4 of the Military and Veterans Code, relating to military benefits.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Chapter 3 (commencing with Section 800) of Division 4 of the Military and Veterans Code is repealed.

SEC. 2. Chapter 3 (commencing with Section 800) is added to Division 4 of the Military and Veterans Code, to read:

Chapter 3. The California Military Families Financial Relief Act

800. (a) Subject to subdivision (b), in addition to any other benefits provided by law and to the extent permitted by federal law, any member of the United States Military Reserve or the National Guard of this state who is called to active duty after the enactment of this chapter as a part of the Iraq and Afghanistan conflicts may defer payments on any of the following obligations while serving on active duty:

(1) An obligation secured by a mortgage or deed of trust.

(2) Credit card as defined in Section 1747.02 of the Civil Code.

(3) Retail installment contract as defined in Section 1802.6 of the Civil Code.

(4) Retail installment account, installment account, or revolving account as defined in Section 1802.7 of the Civil Code.

(5) Up to two loans subject to the Automobile Sales Finance Act (Chapter 2b (commencing with Section 2981) of Part 4 of Division 3 of Title 14 of the Civil Code).

(6) Any payment of property tax or any special assessment of in-lieu property tax imposed on real property which is assessed on residential property owned by the reservist and used as that reservist's primary place of residence on the date the reservist was ordered to active duty.

(b) In order for an obligation or liability of a reservist to be subject to the provisions of this chapter, the reservist or the reservist's designee shall deliver to the lender:

(1) A letter signed by the reservist, under penalty of perjury, requesting a deferment of financial obligations.

(2) If required by a financial institution, proof that the reservist's employer does not provide continuing income to the reservist while the reservist is on active military duty, including the reservist's military pay, of more than 90 percent of the reservist's monthly salary and wage income earned before the call to active duty.

(c) Upon request of the reservist or the reservist's dependent or designee and within five working days of that request, if applicable, the employer of a reservist shall furnish the letter or other comparable evidence showing that the employer's compensation policy does not provide continuing income to the reservist, including the reservist's military pay, of more than 90 percent of the reservist's monthly salary and wage income earned before the call to active duty.

(d) The deferral period on financial obligations shall be the lesser of 180 days or the period of active duty plus 60 calendar days and shall apply only to those payments due subsequent to the notice provided to a lender as provided in subdivision (b).

(e) If a lender defers payments on a closed end credit obligation or an open-end credit obligation with a maturity date, pursuant to this chapter, the lender shall extend the term of the obligation by the amount of months the obligation was deferred.

(f) If a lender defers payments on an open-end credit obligation pursuant to this chapter, the lender may restrict the availability of additional credit with respect to that obligation during the term of the deferral.

801. For purposes of this chapter, "mortgage" means an obligation secured by a mortgage or deed of trust, and is limited to an obligation secured by a mortgage or deed of trust for residential property owned by the reservist and used as that reservist's primary place of residence on the date the reservist was ordered into active duty.

802. (a) Notwithstanding subdivisions (e) and (f) of Section 800, any mortgage payments delayed pursuant to Section 800 are due and payable upon the earlier of the following:

(1) The sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, other than a deferral of payments authorized by Section 800.

(2) Further encumbrance of the property.

(3) The maturity of the obligation as defined under the terms of the documents creating the obligation or, if applicable, as extended pursuant to subdivision (e) of Section 800.

(b) Nothing in this section relieves a reservist with a mortgage subject to an impound account for the payment of property taxes, special assessments, mortgage insurance, and hazard insurance from making

monthly payments of an amount which is at least sufficient to pay these amounts, unless the borrower and lender agree to a lesser amount.

(c) Nothing in this chapter shall preclude a reservist from making payments toward the mortgage payments deferred prior to the occurrence of any of the events in subdivision (a).

803. For purposes of this chapter, "reservist" means a member of the United States Military Reserve or National Guard of this state called to active duty as a result of the Iraq conflict pursuant to the Authorization for Use of Military Force Against Iraq Resolution of 2002 (Public Law 107-243) or the Afghanistan conflict pursuant to Presidential Order No. 13239.

804. During the period specified in Section 800, the reservist may defer the payment of principal and interest on the specified obligations. No penalties shall be imposed on the nonpayment of principal or interest during this period. No interest shall be charged or accumulated on the principal or interest on which the payment was delayed. No foreclosure or repossession of property on which payment has been deferred shall take place during the period specified in Section 800.

805. Subject to subdivisions (e) and (f) of Section 800, a stay, postponement, or suspension under this chapter of the payment of any tax, fine, penalty, insurance premium, or other civil obligation or liability of a person in military service shall not provide the basis for affecting credit ratings, denial or revocation of credit, or a change by the lender in the terms of an existing credit arrangement.

806. Any insurer, which was providing health or medical insurance to a reservist at the time the reservist was ordered to active duty, shall reinstate the health or medical insurance without waiting periods or exclusion of coverage for preexisting conditions.

807. (a) The holder of a loan or retail installment sales contract with respect to which the debtor has purchased prepaid credit disability insurance shall give notice to the debtor not less than 30 days before the expiration date of the insurance that the debtor will not be protected during the period between that expiration date and the deferred maturity date of the loan or contract unless the insurance is extended. The debtor may, at his or her option, direct the holder to add the amount of the additional premium to the unpaid balance of the loan or contract.

(b) The holder of an open-ended loan or retail installment account with respect to which the debtor has purchased credit disability insurance with premiums payable monthly together with the installment payments on the loan or the account shall give notice to the debtor that the debtor will not be protected by the insurance during the period specified in Section 800 unless the debtor elects to continue payment of premiums during that period. The debtor may, at his or her option, direct the holder

to add the amount of those premiums to the unpaid balance of the account.

808. (a) During the period specified in Section 800, the reservist may defer payments for leased vehicles without breach of the lease or the foreclosure or repossession of the vehicle. If a lender defers payments pursuant to this section, the lender shall extend the term of the lease by the amount of months the lease was deferred.

(b) For the purposes of this chapter, "vehicle" means a vehicle as defined in Section 670 of the Vehicle Code.

809. This chapter shall not apply to any active duty voluntarily served after the close of the Iraq or Afghanistan conflicts or to any reservist on active duty as part of the Iraq or Afghanistan conflicts prior to the effective date of this measure.

810. In those instances where a financial obligation covered by this chapter is sold, any requirement to defer payments as specified in this chapter transfers to the purchaser of the obligation.

811. This chapter applies only to an obligation specified in this chapter that was incurred prior to the date that a member of the United States Military Reserve or National Guard of this state was called to active duty as part of the Iraq and Afghanistan conflicts.

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.

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

CHAPTER 292

An act relating to inmates.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. (a) The Legislature finds and declares that some inmates in jails and other local detention facilities benefit from participation in faith- and morals-based programs, as well as education and rehabilitation programs and other secular volunteer programs.

(b) Chaplains, faith- and morals-based groups, and other spiritual advisers can play an important role in causing inmates to reevaluate their lives, develop empathy for their victims, and abandon antisocial attitudes and criminal lifestyles.

(c) Access to clergy members and spiritual advisers is an important element in permitting inmates to change their lives for the better.

(d) Faith- and morals-based programs, including the participation of volunteer religious organizations, are an important component of an overall strategy, along with volunteer secular programs, to reduce inmate recidivism through improved treatment programs.

(e) Education and rehabilitation programs as well as other secular volunteer programs equip the inmates with the tools necessary to function as they move back into our communities. If they can read and write and overcome drug and alcohol dependency, their chances of reentering our correctional institutions are greatly reduced.

(f) To the extent that the expanded use of faith- and morals-based programs reduce inmate recidivism and violations of detention facility rules, they will greatly reduce property loss, harm to victims, and costs associated with incarceration and other aspects of the criminal justice system.

(g) Inmates who wish to turn their lives around through participation in faith- and morals-based programs should be given reasonable opportunities to do so.

(h) Inmates should have access to a number of programs which may include faith- and morals-based programs; secular programs should always be available in addition to any alternative programs. No inmate should be forced to participate in faith- and morals-based programs, and no inmate should be denied privileges, programs, or benefits generally available to all inmates because he or she did not participate in faith- and morals-based programs.

(i) Cities, counties, and other local entities that operate detention facilities are encouraged to allow faith- and morals-based programs, educational and rehabilitation programs, and other secular volunteer programs that will benefit both the prisoners and our communities upon the inmates' releases in those facilities consistent with the safety and security of the facilities and other legitimate penological interests, and, as provided in Section 4027 of the Penal Code, should provide inmates

with reasonable access to clergy members and spiritual advisers, volunteer religious organizations, faith- and morals-based programs, and other secular volunteer programs that also provide beneficial services.

SEC. 2. (a) The Legislature finds and declares that some prisoners benefit from participation in faith- and morals-based programs, as well as education and rehabilitation programs and other secular volunteer programs.

(b) Chaplains, faith- and morals-based groups, and other spiritual advisers can play an important role in causing prisoners to reevaluate their lives, develop empathy for their victims, and abandon antisocial attitudes and criminal lifestyles.

(c) Access to clergy members and spiritual advisers is an important element in permitting inmates to change their lives for the better.

(d) Faith- and morals-based programs, including the participation of volunteer religious organizations, are an important component of an overall strategy, along with volunteer secular programs, to reduce inmate recidivism through improved treatment programs.

(e) Education and rehabilitation programs as well as other secular volunteer programs equip the inmates with the tools necessary to function as they move back into our communities. If they can read and write and overcome drug and alcohol dependency, their chances of reentering our correctional institutions are greatly reduced.

(f) To the extent that the expanded use of faith- and morals-based programs reduce inmate recidivism and violations of prison rules, they will greatly reduce prison costs, property loss, and harm to victims.

(g) Prison inmates who wish to turn their lives around through participation in faith- and morals-based programs should be given reasonable opportunities to do so.

(h) Inmates should have access to a number of programs which may include faith- and morals-based programs; secular programs should always be available in addition to any alternative programs. No inmate should be forced to participate in faith- and morals-based programs, and no inmate should be denied privileges, programs, or benefits generally available to all inmates because he or she did not participate in faith- and morals-based programs.

(i) The Department of Corrections is encouraged to allow faith- and morals-based programs, educational and rehabilitation programs, and other secular volunteer programs that will benefit both the prisoners and our communities upon the inmates' releases in the California prison system consistent with the safety and security of each correctional institution and other legitimate penological interests, and, as provided in Section 5009 of the Penal Code, should provide inmates with reasonable access to clergy members and spiritual advisers, volunteer

religious organizations, faith- and morals-based programs and other secular volunteer programs that also provide beneficial services.

CHAPTER 293

An act to add Section 2435.2 to the Business and Professions Code, relating to physicians and surgeons.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 2435.2 is added to the Business and Professions Code, to read:

2435.2. (a) In addition to the fees charged for the initial issuance or biennial renewal of a physician and surgeon's certificate pursuant to Section 2435, and at the time those fees are charged, the board shall charge each applicant or renewing licensee an additional fifty-dollar ($50) fee for the purposes of this section.

(b) Payment of this fifty-dollar ($50) fee shall be voluntary, and shall be paid at the time of application for initial licensure or biennial renewal. The fifty-dollar ($50) fee shall be due and payable along with the fee for the initial certificate or biennial renewal.

(c) The board shall transfer all funds collected pursuant to this section, on a monthly basis, to the Medically Underserved Account created by Section 2154.4 for the Steven M. Thompson Physician Corps Loan Repayment Program.

CHAPTER 294

An act to amend Section 25009 of the Business and Professions Code, to amend Sections 94, 1005, 1283, 1985.6, 1991.2, 2025.250, 2025.330, 2032.510, 2032.530, 2033.280, 2035.010, 2035.030, 2035.050, and 2035.060 of, and to amend the heading of Chapter 12 (commencing with Section 2029.010) of Title 4 of Part 4 of, the Code of Civil Procedure, to amend Section 44944 of the Education Code, to amend Section 1560 of the Evidence Code, to amend Sections 12963.3, 12972, and 68097.6 of the Government Code, to amend Section 1424.1 of the Health and Safety Code, to amend Section 11580.2 of the Insurance Code, and to amend Section 1524 of the Penal Code, relating to civil discovery.

[Approved by Governor September 22, 2005. Filed with
Secretary of State September 22, 2005.]

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

SECTION 1. Section 25009 of the Business and Professions Code is amended to read:

25009. Any defendant in any action brought under this chapter or any person who may be a witness therein under Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure or Section 776 of the Evidence Code, and the books and records of the defendant or witness, may be brought into court and the books and records may be introduced by reference into evidence, but no information so obtained may be used against the defendant or the witness as a basis for a misdemeanor prosecution under this chapter.

SEC. 2. Section 94 of the Code of Civil Procedure is amended to read:

94. Discovery is permitted only to the extent provided by this section and Section 95. This discovery shall comply with the notice and format requirements of the particular method of discovery, as provided in Title 4 (commencing with Section 2016.010) of Part 4. As to each adverse party, a party may use the following forms of discovery:

(a) Any combination of 35 of the following:

(1) Interrogatories (with no subparts) under Chapter 13 (commencing with Section 2030.010) of Title 4 of Part 4.

(2) Demands to produce documents or things under Chapter 14 (commencing with Section 2031.010) of Title 4 of Part 4.

(3) Requests for admission (with no subparts) under Chapter 16 (commencing with Section 2033.010) of Title 4 of Part 4.

(b) One oral or written deposition under Chapter 9 (commencing with Section 2025.010), Chapter 10 (commencing with Section 2026.010), or Chapter 11 (commencing with Section 2028.010) of Title 4 of Part 4. For purposes of this subdivision, a deposition of an organization shall be treated as a single deposition even though more than one person may be designated or required to testify pursuant to Section 2025.230.

(c) Any party may serve on any person a deposition subpoena duces tecum requiring the person served to mail copies of documents, books or records to the party's counsel at a specified address, along with an affidavit complying with Section 1561 of the Evidence Code.

The party who issued the deposition subpoena shall mail a copy of the response to any other party who tenders the reasonable cost of copying it.

(d) Physical and mental examinations under Chapter 15 (commencing with Section 2032.010) of Title 4 of Part 4.

(e) The identity of expert witnesses under Chapter 18 (commencing with Section 2034.010) of Title 4 of Part 4.

SEC. 3. Section 1005 of the Code of Civil Procedure is amended to read:

1005. (a) Written notice shall be given, as prescribed in subdivisions (b) and (c), for the following motions:

(1) Notice of Application and Hearing for Writ of Attachment under Section 484.040.

(2) Notice of Application and Hearing for Claim and Delivery under Section 512.030.

(3) Notice of Hearing for Claim of Exemption under Section 706.105.

(4) Motion to Quash Summons pursuant to subdivision (b) of Section 418.10.

(5) Motion for Determination of Good Faith Settlement pursuant to Section 877.6.

(6) Hearing for Discovery of Peace Officer Personnel Records pursuant to Section 1043 of the Evidence Code.

(7) Notice of Hearing of Third-Party Claim pursuant to Section 720.320.

(8) Motion for an Order to Attend Deposition more than 150 miles from deponent's residence pursuant to Section 2025.260.

(9) Notice of Hearing of Application for Relief pursuant to Section 946.6 of the Government Code.

(10) Motion to Set Aside Default or Default Judgment and for Leave to Defend Actions pursuant to Section 473.5.

(11) Motion to Expunge Notice of Pendency of Action pursuant to Section 405.30.

(12) Motion to Set Aside Default and for Leave to Amend pursuant to Section 585.5.

(13) Any other proceeding under this code in which notice is required and no other time or method is prescribed by law or by court or judge.

(b) Unless otherwise ordered or specifically provided by law, all moving and supporting papers shall be served and filed at least 16 court days before the hearing. The moving and supporting papers served shall be a copy of the papers filed or to be filed with the court. However, if the notice is served by mail, the required 16-day period of notice before the hearing shall be increased by five calendar days if the place of mailing and the place of address are within the State of California, 10 calendar days if either the place of mailing or the place of address is outside the State of California but within the United States, and 20 calendar days if either the place of mailing or 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 16-day period of notice before the hearing shall be increased by two calendar days. Section 1013, which extends the time within which a right may be exercised or an act may be done, does not apply to a notice of motion, papers opposing a motion, or reply papers governed by this section. All papers opposing a motion so noticed shall be filed with the court and a copy served on each party at least nine court days, and all reply papers at least five court days before the hearing.

The court, or a judge thereof, may prescribe a shorter time.

(c) Notwithstanding any other provision of this section, all papers opposing a motion and all reply papers shall be served by personal delivery, facsimile transmission, express mail, or other means consistent with Sections 1010, 1011, 1012, and 1013, and reasonably calculated to ensure delivery to the other party or parties not later than the close of the next business day after the time the opposing papers or reply papers, as applicable, are filed. This subdivision applies to the service of opposition and reply papers regarding motions for summary judgment or summary adjudication, in addition to the motions listed in subdivision (a).

The court, or a judge thereof, may prescribe a shorter time.

SEC. 4. Section 1283 of the Code of Civil Procedure is amended to read:

1283. On application of a party to the arbitration, the neutral arbitrator may order the deposition of a witness to be taken for use as evidence and not for discovery if the witness cannot be compelled to attend the hearing or if exceptional circumstances exist as to make it desirable, in the interest of justice and with due regard to the importance of presenting the testimony of witnesses orally at the hearing, to allow the deposition to be taken. The deposition shall be taken in the manner prescribed by law for the taking of depositions in civil actions. If the neutral arbitrator orders the taking of the deposition of a witness who resides outside the state, the party who applied for the taking of the deposition shall obtain a commission, letters rogatory, or a letter of request therefor from the superior court in accordance with Chapter 10 (commencing with Section 2026.010) of Title 4 of Part 4.

SEC. 5. Section 1985.6 of the Code of Civil Procedure is amended to read:

1985.6. (a) For purposes of this section, the following terms have the following meanings:

(1) "Deposition officer" means a person who meets the qualifications specified in Section 2020.420.

(2) "Employee" means any individual who is or has been employed by a witness subject to a subpoena duces tecum. "Employee" also means any individual who is or has been represented by a labor organization that is a witness subject to a subpoena duces tecum.

(3) "Employment records" means the original or any copy of books, documents, other writings, or electronic data pertaining to the employment of any employee maintained by the current or former employer of the employee, or by any labor organization that has represented or currently represents the employee.

(4) "Labor organization" has the meaning set forth in Section 1117 of the Labor Code.

(5) "Subpoenaing party" means the person or persons causing a subpoena duces tecum to be issued or served in connection with any civil action or proceeding, but does not include the state or local agencies described in Section 7465 of the Government Code, or any entity provided for under Article VI of the California Constitution in any proceeding maintained before an adjudicative body of that entity pursuant to Chapter 4 (commencing with Section 6000) of Division 3 of the Business and Professions Code.

(b) Prior to the date called for in the subpoena duces tecum of the production of employment records, the subpoenaing party shall serve or cause to be served on the employee whose records are being sought a copy of: the subpoena duces tecum; the affidavit supporting the issuance of the subpoena, if any; the notice described in subdivision (e); and proof of service as provided in paragraph (1) of subdivision (c). This service shall be made as follows:

(1) To the employee personally, or at his or her last known address, or in accordance with Chapter 5 (commencing with Section 1010) of Title 14 of Part 2, or, if he or she is a party, to his or her attorney of record. If the employee is a minor, service shall be made on the minor's parent, guardian, conservator, or similar fiduciary, or if one of them cannot be located with reasonable diligence, then service shall be made on any person having the care or control of the minor, or with whom the minor resides, and on the minor if the minor is at least 12 years of age.

(2) Not less than 10 days prior to the date for production specified in the subpoena duces tecum, plus the additional time provided by Section 1013 if service is by mail.

(3) At least five days prior to service upon the custodian of the employment records, plus the additional time provided by Section 1013 if service is by mail.

(c) Prior to the production of the records, the subpoenaing party shall either:

(1) Serve or cause to be served upon the witness a proof of personal service or of service by mail attesting to compliance with subdivision (b).

(2) Furnish the witness a written authorization to release the records signed by the employee or by his or her attorney of record. The witness may presume that the attorney purporting to sign the authorization on behalf of the employee acted with the consent of the employee, and that any objection to the release of records is waived.

(d) A subpoena duces tecum for the production of employment records shall be served in sufficient time to allow the witness a reasonable time, as provided in Section 2020.410, to locate and produce the records or copies thereof.

(e) Every copy of the subpoena duces tecum and affidavit served on an employee or his or her attorney in accordance with subdivision (b) shall be accompanied by a notice, in a typeface designed to call attention to the notice, indicating that (1) employment records about the employee are being sought from the witness named on the subpoena; (2) the employment records may be protected by a right of privacy; (3) if the employee objects to the witness furnishing the records to the party seeking the records, the employee shall file papers with the court prior to the date specified for production on the subpoena; and (4) if the subpoenaing party does not agree in writing to cancel or limit the subpoena, an attorney should be consulted about the employee's interest in protecting his or her rights of privacy. If a notice of taking of deposition is also served, that other notice may be set forth in a single document with the notice required by this subdivision.

(f) Any employee whose employment records are sought by a subpoena duces tecum may, prior to the date for production, bring a motion under Section 1987.1 to quash or modify the subpoena duces tecum. Notice of the bringing of that motion shall be given to the witness and the deposition officer at least five days prior to production. The failure to provide notice to the deposition officer does not invalidate the motion to quash or modify the subpoena duces tecum but may be raised by the deposition officer as an affirmative defense in any action for liability for improper release of records.

Any nonparty employee whose employment records are sought by a subpoena duces tecum may, prior to the date of production, serve on the subpoenaing party, the deposition officer, and the witness a written objection that cites the specific grounds on which production of the employment records should be prohibited.

No witness or deposition officer shall be required to produce employment records after receipt of notice that the motion has been brought by an employee, or after receipt of a written objection from a

nonparty employee, except upon order of the court in which the action is pending or by agreement of the parties, witnesses, and employees affected.

The party requesting an employee's employment records may bring a motion under subdivision (c) of Section 1987 to enforce the subpoena within 20 days of service of the written objection. The motion shall be accompanied by a declaration showing a reasonable and good faith attempt at informal resolution of the dispute between the party requesting the employment records and the employee or the employee's attorney.

(g) Upon good cause shown and provided that the rights of witnesses and employees are preserved, a subpoenaing party shall be entitled to obtain an order shortening the time for service of a subpoena duces tecum or waiving the requirements of subdivision (b) where due diligence by the subpoenaing party has been shown.

(h) This section may not be construed to apply to any subpoena duces tecum that does not request the records of any particular employee or employees and that requires a custodian of records to delete all information which would in any way identify any employee whose records are to be produced.

(i) This section does not apply to proceedings conducted under Division 1 (commencing with Section 50), Division 4 (commencing with Section 3200), Division 4.5 (commencing with Section 6100), or Division 4.7 (commencing with Section 6200) of the Labor Code.

(j) Failure to comply with this section shall be sufficient basis for the witness to refuse to produce the employment records sought by subpoena duces tecum.

SEC. 5.5. Section 1985.6 of the Code of Civil Procedure is amended to read:

1985.6. (a) For purposes of this section, the following terms have the following meanings:

(1) "Deposition officer" means a person who meets the qualifications specified in Section 2020.420.

(2) "Employee" means any individual who is or has been employed by a witness subject to a subpoena duces tecum. "Employee" also means any individual who is or has been represented by a labor organization that is a witness subject to a subpoena duces tecum.

(3) "Employment records" means the original or any copy of books, documents, other writings, or electronic data pertaining to the employment of any employee maintained by the current or former employer of the employee, or by any labor organization that has represented or currently represents the employee.

(4) "Labor organization" has the meaning set forth in Section 1117 of the Labor Code.

(5) "Subpoenaing party" means the person or persons causing a subpoena duces tecum to be issued or served in connection with any civil action or proceeding, but does not include the state or local agencies described in Section 7465 of the Government Code, or any entity provided for under Article VI of the California Constitution in any proceeding maintained before an adjudicative body of that entity pursuant to Chapter 4 (commencing with Section 6000) of Division 3 of the Business and Professions Code.

(b) Prior to the date called for in the subpoena duces tecum of the production of employment records, the subpoenaing party shall serve or cause to be served on the employee whose records are being sought a copy of: the subpoena duces tecum; the affidavit supporting the issuance of the subpoena, if any; the notice described in subdivision (e); and proof of service as provided in paragraph (1) of subdivision (c). This service shall be made as follows:

(1) To the employee personally, or at his or her last known address, or in accordance with Chapter 5 (commencing with Section 1010) of Title 14 of Part 2, or, if he or she is a party, to his or her attorney of record. If the employee is a minor, service shall be made on the minor's parent, guardian, conservator, or similar fiduciary, or if one of them cannot be located with reasonable diligence, then service shall be made on any person having the care or control of the minor, or with whom the minor resides, and on the minor if the minor is at least 12 years of age.

(2) Not less than 10 days prior to the date for production specified in the subpoena duces tecum, plus the additional time provided by Section 1013 if service is by mail.

(3) At least five days prior to service upon the custodian of the employment records, plus the additional time provided by Section 1013 if service is by mail.

(c) Prior to the production of the records, the subpoenaing party shall either:

(1) Serve or cause to be served upon the witness a proof of personal service or of service by mail attesting to compliance with subdivision (b).

(2) Furnish the witness a written authorization to release the records signed by the employee or by his or her attorney of record. The witness may presume that the attorney purporting to sign the authorization on behalf of the employee acted with the consent of the employee, and that any objection to the release of records is waived.

(d) A subpoena duces tecum for the production of employment records shall be served in sufficient time to allow the witness a reasonable time, as provided in Section 2020.410, to locate and produce the records or copies thereof.

(e) Every copy of the subpoena duces tecum and affidavit served on an employee or his or her attorney in accordance with subdivision (b) shall be accompanied by a notice, in a typeface designed to call attention to the notice, indicating that (1) employment records about the employee are being sought from the witness named on the subpoena; (2) the employment records may be protected by a right of privacy; (3) if the employee objects to the witness furnishing the records to the party seeking the records, the employee shall file papers with the court prior to the date specified for production on the subpoena; and (4) if the subpoenaing party does not agree in writing to cancel or limit the subpoena, an attorney should be consulted about the employee's interest in protecting his or her rights of privacy. If a notice of taking of deposition is also served, that other notice may be set forth in a single document with the notice required by this subdivision.

(f) Any employee whose employment records are sought by a subpoena duces tecum may, prior to the date for production, bring a motion under Section 1987.1 to quash or modify the subpoena duces tecum. Notice of the bringing of that motion shall be given to the witness and the deposition officer at least five days prior to production. The failure to provide notice to the deposition officer does not invalidate the motion to quash or modify the subpoena duces tecum but may be raised by the deposition officer as an affirmative defense in any action for liability for improper release of records.

Any nonparty employee whose employment records are sought by a subpoena duces tecum may, prior to the date of production, serve on the subpoenaing party, the deposition officer, and the witness a written objection that cites the specific grounds on which production of the employment records should be prohibited.

No witness or deposition officer shall be required to produce employment records after receipt of notice that the motion has been brought by an employee, or after receipt of a written objection from a nonparty employee, except upon order of the court in which the action is pending or by agreement of the parties, witnesses, and employees affected.

The party requesting an employee's employment records may bring a motion under subdivision (c) of Section 1987 to enforce the subpoena within 20 days of service of the written objection. The motion shall be accompanied by a declaration showing a reasonable and good faith attempt at informal resolution of the dispute between the party requesting the employment records and the employee or the employee's attorney.

(g) Upon good cause shown and provided that the rights of witnesses and employees are preserved, a subpoenaing party shall be entitled to obtain an order shortening the time for service of a subpoena duces tecum

or waiving the requirements of subdivision (b) where due diligence by the subpoenaing party has been shown.

(h) This section may not be construed to apply to any subpoena duces tecum that does not request the records of any particular employee or employees and that requires a custodian of records to delete all information which would in any way identify any employee whose records are to be produced.

(i) This section does not apply to proceedings conducted under Division 1 (commencing with Section 50), Division 4 (commencing with Section 3200), Division 4.5 (commencing with Section 6100), or Division 4.7 (commencing with Section 6200), of the Labor Code.

(j) Failure to comply with this section shall be sufficient basis for the witness to refuse to produce the employment records sought by subpoena duces tecum.

(k) If the subpoenaing party is the employee, and the employee is the only subject of the subpoenaed records, notice to the employee, and delivery of the other documents specified in subdivision (b) to the employee, is not required under this section.

SEC. 6. Section 1991.2 of the Code of Civil Procedure is amended to read:

1991.2. The provisions of Section 1991 do not apply to any act or omission occurring in a deposition taken pursuant to Title 4 (commencing with Section 2016.010). The provisions of Chapter 7 (commencing with Section 2023.010) of Title 4 are exclusively applicable.

SEC. 7. Section 2025.250 of the Code of Civil Procedure is amended to read:

2025.250. (a) Unless the court orders otherwise under Section 2025.260, the deposition of a natural person, whether or not a party to the action, shall be taken at a place that is, at the option of the party giving notice of the deposition, either within 75 miles of the deponent's residence, or within the county where the action is pending and within 150 miles of the deponent's residence.

(b) The deposition of an organization that is a party to the action shall be taken at a place that is, at the option of the party giving notice of the deposition, either within 75 miles of the organization's principal executive or business office in California, or within the county where the action is pending and within 150 miles of that office.

(c) Unless the organization consents to a more distant place, the deposition of any other organization shall be taken within 75 miles of the organization's principal executive or business office in California.

(d) If an organization has not designated a principal executive or business office in California, the deposition shall be taken at a place that is, at the option of the party giving notice of the deposition, either within

the county where the action is pending, or within 75 miles of any executive or business office in California of the organization.

SEC. 8. Section 2025.330 of the Code of Civil Procedure is amended to read:

2025.330. (a) The deposition officer shall put the deponent under oath or affirmation.

(b) Unless the parties agree or the court orders otherwise, the testimony, as well as any stated objections, shall be taken stenographically. If taken stenographically, it shall be by a person certified pursuant to Article 3 (commencing with Section 8020) of Chapter 13 of Division 3 of the Business and Professions Code.

(c) The party noticing the deposition may also record the testimony by audio or video technology if the notice of deposition stated an intention also to record the testimony by either of those methods, or if all the parties agree that the testimony may also be recorded by either of those methods. Any other party, at that party's expense, may make an audio or video record of the deposition, provided that the other party promptly, and in no event less than three calendar days before the date for which the deposition is scheduled, serves a written notice of this intention to make an audio or video record of the deposition testimony on the party or attorney who noticed the deposition, on all other parties or attorneys on whom the deposition notice was served under Section 2025.240, and on any deponent whose attendance is being compelled by a deposition subpoena under Chapter 6 (commencing with Section 2020.010). If this notice is given three calendar days before the deposition date, it shall be made by personal service under Section 1011.

(d) Examination and cross-examination of the deponent shall proceed as permitted at trial under the provisions of the Evidence Code.

(e) In lieu of participating in the oral examination, parties may transmit written questions in a sealed envelope to the party taking the deposition for delivery to the deposition officer, who shall unseal the envelope and propound them to the deponent after the oral examination has been completed.

SEC. 9. The heading of Chapter 12 (commencing with Section 2029.010) of Title 4 of Part 4 of the Code of Civil Procedure is amended to read:

CHAPTER 12. DEPOSITION IN ACTION PENDING OUTSIDE CALIFORNIA

SEC. 10. Section 2032.510 of the Code of Civil Procedure is amended to read:

2032.510. (a) The attorney for the examinee or for a party producing the examinee, or that attorney's representative, shall be permitted to

attend and observe any physical examination conducted for discovery purposes, and to record stenographically or by audio technology any words spoken to or by the examinee during any phase of the examination.

(b) The observer under subdivision (a) may monitor the examination, but shall not participate in or disrupt it.

(c) If an attorney's representative is to serve as the observer, the representative shall be authorized to so act by a writing subscribed by the attorney which identifies the representative.

(d) If in the judgment of the observer the examiner becomes abusive to the examinee or undertakes to engage in unauthorized diagnostic tests and procedures, the observer may suspend it to enable the party being examined or producing the examinee to make a motion for a protective order.

(e) If the observer begins to participate in or disrupt the examination, the person conducting the physical examination may suspend the examination to enable the party at whose instance it is being conducted to move for a protective order.

(f) The court shall impose a monetary sanction under Chapter 7 (commencing with Section 2023.010) against any party, person, or attorney who unsuccessfully makes or opposes a motion for a protective order under this section, unless it finds that the one subject to the sanction acted with substantial justification or that other circumstances make the imposition of the sanction unjust.

SEC. 11. Section 2032.530 of the Code of Civil Procedure is amended to read:

2032.530. (a) The examiner and examinee shall have the right to record a mental examination by audio technology.

(b) Nothing in this title shall be construed to alter, amend, or affect existing case law with respect to the presence of the attorney for the examinee or other persons during the examination by agreement or court order.

SEC. 12. Section 2033.280 of the Code of Civil Procedure is amended to read:

2033.280. If a party to whom requests for admission are directed fails to serve a timely response, the following rules apply:

(a) The party to whom the requests for admission are directed waives any objection to the requests, including one based on privilege or on the protection for work product under Chapter 4 (commencing with Section 2018.010). The court, on motion, may relieve that party from this waiver on its determination that both of the following conditions are satisfied:

(1) The party has subsequently served a response that is in substantial compliance with Sections 2033.210, 2033.220, and 2033.230.

(2) The party's failure to serve a timely response was the result of mistake, inadvertence, or excusable neglect.

(b) The requesting party may move for an order that the genuineness of any documents and the truth of any matters specified in the requests be deemed admitted, as well as for a monetary sanction under Chapter 7 (commencing with Section 2023.010).

(c) The court shall make this order, unless it finds that the party to whom the requests for admission have been directed has served, before the hearing on the motion, a proposed response to the requests for admission that is in substantial compliance with Section 2033.220. It is mandatory that the court impose a monetary sanction under Chapter 7 (commencing with Section 2023.010) on the party or attorney, or both, whose failure to serve a timely response to requests for admission necessitated this motion.

SEC. 13. Section 2035.010 of the Code of Civil Procedure is amended to read:

2035.010. (a) One who expects to be a party or expects a successor in interest to be a party to any action that may be cognizable in any court of the State of California, whether as a plaintiff, or as a defendant, or in any other capacity, may obtain discovery within the scope delimited by Chapters 2 (commencing with Section 2017.010) and 3 (commencing with Section 2017.710), and subject to the restrictions set forth in Chapter 5 (commencing with Section 2019.010), for the purpose of perpetuating that person's own testimony or that of another natural person or organization, or of preserving evidence for use in the event an action is subsequently filed.

(b) One shall not employ the procedures of this chapter for the purpose either of ascertaining the possible existence of a cause of action or a defense to it, or of identifying those who might be made parties to an action not yet filed.

SEC. 14. Section 2035.030 of the Code of Civil Procedure is amended to read:

2035.030. (a) One who desires to perpetuate testimony or preserve evidence for the purposes set forth in Section 2035.010 shall file a verified petition in the superior court of the county of the residence of at least one expected adverse party, or, if no expected adverse party is a resident of the State of California, in the superior court of a county where the action or proceeding may be filed.

(b) The petition shall be titled in the name of the one who desires the perpetuation of testimony or the preservation of evidence. The petition shall set forth all of the following:

(1) The expectation that the petitioner or the petitioner's successor in interest will be a party to an action cognizable in a court of the State of California.

(2) The present inability of the petitioner and, if applicable, the petitioner's successor in interest either to bring that action or to cause it to be brought.

(3) The subject matter of the expected action and the petitioner's involvement. A copy of any written instrument the validity or construction of which may be called into question, or which is connected with the subject matter of the proposed discovery, shall be attached to the petition.

(4) The particular discovery methods described in Section 2035.020 that the petitioner desires to employ.

(5) The facts that the petitioner desires to establish by the proposed discovery.

(6) The reasons for desiring to perpetuate or preserve these facts before an action has been filed.

(7) The name or a description of those whom the petitioner expects to be adverse parties so far as known.

(8) The name and address of those from whom the discovery is to be sought.

(9) The substance of the information expected to be elicited from each of those from whom discovery is being sought.

(c) The petition shall request the court to enter an order authorizing the petitioner to engage in discovery by the described methods for the purpose of perpetuating the described testimony or preserving the described evidence.

SEC. 15. Section 2035.050 of the Code of Civil Procedure is amended to read:

2035.050. (a) If the court determines that all or part of the discovery requested under this chapter may prevent a failure or delay of justice, it shall make an order authorizing that discovery. In determining whether to authorize discovery by a petitioner who expects a successor in interest to be a party to an action, the court shall consider, in addition to other appropriate factors, whether the requested discovery could be conducted by the petitioner's successor in interest, instead of by the petitioner.

(b) The order shall identify any witness whose deposition may be taken, and any documents, things, or places that may be inspected, and any person whose physical or mental condition may be examined.

(c) Any authorized depositions, inspections, and physical or mental examinations shall then be conducted in accordance with the provisions of this title relating to those methods of discovery in actions that have been filed.

SEC. 16. Section 2035.060 of the Code of Civil Procedure is amended to read:

2035.060. If a deposition to perpetuate testimony has been taken either under the provisions of this chapter, or under comparable provisions of the laws of the state in which it was taken, or the federal courts, or a foreign nation in which it was taken, that deposition may be used, in any action involving the same subject matter that is brought in a court of the State of California, in accordance with Section 2025.620 against any party, or the successor in interest of any party, named in the petition as an expected adverse party.

SEC. 17. Section 44944 of the Education Code is amended to read:

44944. (a) In a dismissal or suspension proceeding initiated pursuant to Section 44934, if a hearing is requested by the employee, the hearing shall be commenced within 60 days from the date of the employee's demand for a hearing. The hearing shall be initiated, conducted, and a decision made in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. However, the hearing date shall be established after consultation with the employee and the governing board, or their representatives, and the Commission on Professional Competence shall have all the power granted to an agency in that chapter, except that the right of discovery of the parties shall not be limited to those matters set forth in Section 11507.6 of the Government Code but shall include the rights and duties of any party in a civil action brought in a superior court under Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure. Notwithstanding any provision to the contrary, and except for the taking of oral depositions, no discovery shall occur later than 30 calendar days after the employee is served with a copy of the accusation pursuant to Section 11505 of the Government Code. In all cases, discovery shall be completed prior to seven calendar days before the date upon which the hearing commences. If any continuance is granted pursuant to Section 11524 of the Government Code, the time limitation for commencement of the hearing as provided in this subdivision shall be extended for a period of time equal to the continuance. However, the extension shall not include that period of time attributable to an unlawful refusal by either party to allow the discovery provided for in this section.

If the right of discovery granted under the preceding paragraph is denied by either the employee or the governing board, all the remedies in Chapter 7 (commencing with Section 2023.010) of Title 4 of Part 4 of the Code of Civil Procedure shall be available to the party seeking discovery and the court of proper jurisdiction, to entertain his or her motion, shall be the superior court of the county in which the hearing will be held.

The time periods in this section and of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code and of Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure shall not be applied so as to deny discovery in a hearing conducted pursuant to this section.

The superior court of the county in which the hearing will be held may, upon motion of the party seeking discovery, suspend the hearing so as to comply with the requirement of the preceding paragraph.

No witness shall be permitted to testify at the hearing except upon oath or affirmation. No testimony shall be given or evidence introduced relating to matters which occurred more than four years prior to the date of the filing of the notice. Evidence of records regularly kept by the governing board concerning the employee may be introduced, but no decision relating to the dismissal or suspension of any employee shall be made based on charges or evidence of any nature relating to matters occurring more than four years prior to the filing of the notice.

(b) The hearing provided for in this section shall be conducted by a Commission on Professional Competence. One member of the commission shall be selected by the employee, one member shall be selected by the governing board, and one member shall be an administrative law judge of the Office of Administrative Hearings who shall be chairperson and a voting member of the commission and shall be responsible for assuring that the legal rights of the parties are protected at the hearing. If either the governing board or the employee for any reason fails to select a commission member at least seven calendar days prior to the date of the hearing, the failure shall constitute a waiver of the right to selection, and the county board of education or its specific designee shall immediately make the selection. When the county board of education is also the governing board of the school district or has by statute been granted the powers of a governing board, the selection shall be made by the Superintendent of Public Instruction, who shall be reimbursed by the school district for all costs incident to the selection.

The member selected by the governing board and the member selected by the employee shall not be related to the employee and shall not be employees of the district initiating the dismissal or suspension and shall hold a currently valid credential and have at least five years' experience within the past 10 years in the discipline of the employee.

(c) The decision of the Commission on Professional Competence shall be made by a majority vote, and the commission shall prepare a written decision containing findings of fact, determinations of issues, and a disposition which shall be, solely:

(1) That the employee should be dismissed.

(2) That the employee should be suspended for a specific period of time without pay.

(3) That the employee should not be dismissed or suspended.

The decision of the Commission on Professional Competence that the employee should not be dismissed or suspended shall not be based on nonsubstantive procedural errors committed by the school district or governing board unless the errors are prejudicial errors.

The commission shall not have the power to dispose of the charge of dismissal by imposing probation or other alternative sanctions. The imposition of suspension pursuant to paragraph (2) shall be available only in a suspension proceeding authorized pursuant to subdivision (b) of Section 44932 or Section 44933.

The decision of the Commission on Professional Competence shall be deemed to be the final decision of the governing board.

The board may adopt from time to time rules and procedures not inconsistent with provisions of this section as may be necessary to effectuate this section.

The governing board and the employee shall have the right to be represented by counsel.

(d) (1) If the member selected by the governing board or the member selected by the employee is employed by any school district in this state the member shall, during any service on a Commission on Professional Competence, continue to receive salary, fringe benefits, accumulated sick leave, and other leaves and benefits from the district in which the member is employed, but shall receive no additional compensation or honorariums for service on the commission.

(2) If service on a Commission on Professional Competence occurs during summer recess or vacation periods, the member shall receive compensation proportionate to that received during the current or immediately preceding contract period from the member's employing district, whichever amount is greater.

(e) If the Commission on Professional Competence determines that the employee should be dismissed or suspended, the governing board and the employee shall share equally the expenses of the hearing, including the cost of the administrative law judge. The state shall pay any costs incurred under paragraph (2) of subdivision (d), the reasonable expenses, as determined by the administrative law judge, of the member selected by the governing board and the member selected by the employee, including, but not limited to, payments or obligations incurred for travel, meals, and lodging, and the cost of the substitute or substitutes, if any, for the member selected by the governing board and the member selected by the employee. The Controller shall pay all claims submitted pursuant to this paragraph from the General Fund, and may prescribe

reasonable rules, regulations, and forms for the submission of the claims. The employee and the governing board shall pay their own attorney fees.

If the Commission on Professional Competence determines that the employee should not be dismissed or suspended, the governing board shall pay the expenses of the hearing, including the cost of the administrative law judge, any costs incurred under paragraph (2) of subdivision (d), the reasonable expenses, as determined by the administrative law judge, of the member selected by the governing board and the member selected by the employee, including, but not limited to, payments or obligations incurred for travel, meals, and lodging, the cost of the substitute or substitutes, if any, for the member selected by the governing board and the member selected by the employee, and reasonable attorney fees incurred by the employee.

As used in this section, "reasonable expenses" shall not be deemed "compensation" within the meaning of subdivision (d).

If either the governing board or the employee petitions a court of competent jurisdiction for review of the decision of the commission, the payment of expenses to members of the commission required by this subdivision shall not be stayed.

If the decision of the commission is finally reversed or vacated by a court of competent jurisdiction, then either the state, having paid the commission members' expenses, shall be entitled to reimbursement from the governing board for those expenses, or the governing board, having paid the expenses, shall be entitled to reimbursement from the state.

Additionally, either the employee, having paid a portion of the expenses of the hearing, including the cost of the administrative law judge, shall be entitled to reimbursement from the governing board for the expenses, or the governing board, having paid its portion and the employee's portion of the expenses of the hearing, including the cost of the administrative law judge, shall be entitled to reimbursement from the employee for that portion of the expenses.

(f) The hearing provided for in this section shall be conducted in a place selected by agreement among the members of the commission. In the absence of agreement, the place shall be selected by the administrative law judge.

SEC. 18. Section 1560 of the Evidence Code is amended to read:

1560. (a) As used in this article:

(1) "Business" includes every kind of business described in Section 1270.

(2) "Record" includes every kind of record maintained by a business.

(b) Except as provided in Section 1564, when a subpoena duces tecum is served upon the custodian of records or other qualified witness of a business in an action in which the business is neither a party nor the

place where any cause of action is alleged to have arisen, and the subpoena requires the production of all or any part of the records of the business, it is sufficient compliance therewith if the custodian or other qualified witness, within five days after the receipt of the subpoena in any criminal action or within the time agreed upon by the party who served the subpoena and the custodian or other qualified witness, or within 15 days after the receipt of the subpoena in any civil action or within the time agreed upon by the party who served the subpoena and the custodian or other qualified witness, delivers by mail or otherwise a true, legible, and durable copy of all the records described in the subpoena to the clerk of the court or to another person described in subdivision (d) of Section 2026.010 of the Code of Civil Procedure, together with the affidavit described in Section 1561.

(c) The copy of the records shall be separately enclosed in an inner envelope or wrapper, sealed, with the title and number of the action, name of witness, and date of subpoena clearly inscribed thereon; the sealed envelope or wrapper shall then be enclosed in an outer envelope or wrapper, sealed, and directed as follows:

(1) If the subpoena directs attendance in court, to the clerk of the court.

(2) If the subpoena directs attendance at a deposition, to the officer before whom the deposition is to be taken, at the place designated in the subpoena for the taking of the deposition or at the officer's place of business.

(3) In other cases, to the officer, body, or tribunal conducting the hearing, at a like address.

(d) Unless the parties to the proceeding otherwise agree, or unless the sealed envelope or wrapper is returned to a witness who is to appear personally, the copy of the records shall remain sealed and shall be opened only at the time of trial, deposition, or other hearing, upon the direction of the judge, officer, body, or tribunal conducting the proceeding, in the presence of all parties who have appeared in person or by counsel at the trial, deposition, or hearing. Records which are original documents and which are not introduced in evidence or required as part of the record shall be returned to the person or entity from whom received. Records which are copies may be destroyed.

(e) As an alternative to the procedures described in subdivisions (b), (c), and (d), the subpoenaing party in a civil action may direct the witness to make the records available for inspection or copying by the party's attorney, the attorney's representative, or deposition officer as described in Section 2020.420 of the Code of Civil Procedure, at the witness' business address under reasonable conditions during normal business hours. Normal business hours, as used in this subdivision, means those

hours that the business of the witness is normally open for business to the public. When provided with at least five business days' advance notice by the party's attorney, attorney's representative, or deposition officer, the witness shall designate a time period of not less than six continuous hours on a date certain for copying of records subject to the subpoena by the party's attorney, attorney's representative or deposition officer. It shall be the responsibility of the attorney's representative to deliver any copy of the records as directed in the subpoena. Disobedience to the deposition subpoena issued pursuant to this subdivision is punishable as provided in Section 2020.240 of the Code of Civil Procedure.

SEC. 19. Section 12963.3 of the Government Code is amended to read:

12963.3. (a) Depositions taken by the department shall be noticed by issuance and service of a subpoena pursuant to Section 12963.1. If, in the course of the investigation of a complaint, a subpoena is issued and served on an individual or organization not alleged in the complaint to have committed an unlawful practice, written notice of the deposition shall also be mailed by the department to each individual or organization alleged in the complaint to have committed an unlawful practice.

(b) A deposition may be taken before any officer of the department who has been authorized by the director to administer oaths and take testimony, or before any other person before whom a deposition may be taken in a civil action pursuant to Section 2025.320 or subdivision (d) of Section 2026.010 of the Code of Civil Procedure. The person before whom the deposition is to be taken shall put the witness on oath and shall personally, or by someone acting under the person's direction and in the person's presence, record the testimony of the witness. The testimony shall be taken stenographically and transcribed unless the parties agree otherwise. All objections made at the time of the examination shall be noted on the deposition by the person before whom the deposition is taken, and evidence objected to shall be taken subject to the objections.

SEC. 20. Section 12972 of the Government Code is amended to read:

12972. (a) The commission shall conduct all actions and procedures in accordance with its procedural regulations.

(b) (1) If the commission does not have a procedural regulation on a particular issue, the commission shall rely upon pertinent provisions of the Administrative Procedure Act (Chapter 4 (commencing with Section 11370) of Part 1).

(2) Notwithstanding paragraph (1), the Administrative Adjudication Bill of Rights set forth in Article 6 (commencing with Section 11425.10)

of Chapter 4.5 of Part 1, and the rules for judicial review set forth in Section 11523, shall apply to the commission.

(c) In addition to the discovery available to each party pursuant to subdivision (a), the department and the respondent may each cause a single deposition to be taken in the manner prescribed by law for depositions in civil actions in the superior courts of this state under Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure.

SEC. 21. Section 68097.6 of the Government Code is amended to read:

68097.6. Sections 68097.1, 68097.2, 68097.3, 68097.4, and 68097.5 apply to subpoenas issued for the taking of depositions of employees of the Department of Justice who are peace officers or analysts in technical fields, peace officers of the Department of the California Highway Patrol, peace officer members of the State Fire Marshal's office, sheriffs, deputy sheriffs, marshals, deputy marshals, firefighters, or city police officers pursuant to Chapter 9 (commencing with Section 2025.010) of Title 4 of Part 4 of the Code of Civil Procedure.

SEC. 22. Section 1424.1 of the Health and Safety Code is amended to read:

1424.1. (a) On and after the effective date of this section, no citation shall be issued or sustained under this chapter for a violation of any regulation discovered and recorded by a facility if all of the following conditions have been met:

(1) The facility maintains an ongoing quality assurance and patient care audit program, which includes maintenance of a quality assurance log which is made available to the state department at the commencement of each inspection and investigation. The facility shall retain this log for the current year and the preceding three years.

(2) The violation was not willful and resulted in no actual harm to any patient or guest.

(3) The violation was first discovered by the licensee and was promptly and accurately recorded in the quality assurance log prior to discovery by the state department.

(4) Promptly upon discovery, the facility implemented remedial action satisfactory to the state department to correct the violation and prevent a recurrence. If the state department determines that remedial action voluntarily undertaken by the facility is unsatisfactory, the state department shall allow the facility reasonable time to augment the remedial action before the condition shall be deemed to be a violation.

(b) Except as otherwise provided in this section, a quality assurance log which meets the criteria of this section shall not be discoverable or admissible in any action against the licensee. The quality assurance log

shall be discoverable pursuant to a motion to produce under Chapter 14 (commencing with Section 2031.010) of Title 4 of Part 4 of the Code of Civil Procedure and admissible only for purposes of impeachment. However, the court, in a motion pursuant to Section 2025.420 of the Code of Civil Procedure, or at trial or other proceeding, may limit access to those entries which would be admissible for impeachment purposes.

(c) The quality assurance log shall be made available upon request to any of the following:

(1) Full-time state employees of the Office of the State Long-Term Care Ombudsman.

(2) Ombudsman coordinators, as defined in Section 9701 of the Welfare and Institutions Code.

(3) Ombudsmen qualified by medical training as defined in Section 9701 of the Welfare and Institutions Code, with the approval of either the State Long-Term Care Ombudsman or ombudsman coordinator.

The licensee may make the quality assurance log available, in the licensee's discretion, to any representative of the Office of the State Long-Term Care Ombudsman, as defined in Section 9701 of the Welfare and Institutions Code, without liability for the disclosure. Each representative of the Office of the State Long-Term Care Ombudsman who has been provided access to a facility's quality assurance log pursuant to this section shall maintain all disclosures in confidence.

SEC. 23. Section 11580.2 of the Insurance Code is amended to read:

11580.2. (a) (1) No policy of bodily injury liability insurance covering liability arising out of the ownership, maintenance, or use of any motor vehicle, except for policies that provide insurance in the Republic of Mexico issued or delivered in this state by nonadmitted Mexican insurers, shall be issued or delivered in this state to the owner or operator of a motor vehicle, or shall be issued or delivered by any insurer licensed in this state upon any motor vehicle then principally used or principally garaged in this state, unless the policy contains, or has added to it by endorsement, a provision with coverage limits at least equal to the limits specified in subdivision (m) and in no case less than the financial responsibility requirements specified in Section 16056 of the Vehicle Code insuring the insured, the insured's heirs or legal representative for all sums within the limits that he, she, or they, as the case may be, shall be legally entitled to recover as damages for bodily injury or wrongful death from the owner or operator of an uninsured motor vehicle. The insurer and any named insured, prior to or subsequent to the issuance or renewal of a policy, may, by agreement in writing, in the form specified in paragraph (2) or paragraph (3), (1) delete the provision covering damage caused by an uninsured motor vehicle completely, or (2) delete the coverage when a motor vehicle is operated

by a natural person or persons designated by name, or (3) agree to provide the coverage in an amount less than that required by subdivision (m) but not less than the financial responsibility requirements specified in Section 16056 of the Vehicle Code. Any of these agreements by any named insured or agreement for the amount of coverage shall be binding upon every insured to whom the policy or endorsement provisions apply while the policy is in force, and shall continue to be so binding with respect to any continuation or renewal of the policy or with respect to any other policy that extends, changes, supersedes, or replaces the policy issued to the named insured by the same insurer, or with respect to reinstatement of the policy within 30 days of any lapse thereof. A policy shall be excluded from the application of this section if the automobile liability coverage is provided only on an excess or umbrella basis. Nothing in this section shall require that uninsured motorist coverage be offered or provided in any homeowner policy, personal and residents' liability policy, comprehensive personal liability policy, manufacturers' and contractors' policy, premises liability policy, special multiperil policy, or any other policy or endorsement where automobile liability coverage is offered as incidental to some other basic coverage, notwithstanding that the policy may provide automobile or motor vehicle liability coverage on insured premises or the ways immediately adjoining.

(2) The agreement specified in paragraph (1) to delete the provision covering damage caused by an uninsured motor vehicle completely or delete the coverage when a motor vehicle is operated by a natural person or persons designated by name shall be in the following form:

"The California Insurance Code requires an insurer to provide uninsured motorists coverage in each bodily injury liability insurance policy it issues covering liability arising out of the ownership, maintenance, or use of a motor vehicle. Those provisions also permit the insurer and the applicant to delete the coverage completely or to delete the coverage when a motor vehicle is operated by a natural person or persons designated by name. Uninsured motorists coverage insures the insured, his or her heirs, or legal representatives for all sums within the limits established by law, that the person or persons are legally entitled to recover as damages for bodily injury, including any resulting sickness, disease, or death, to the insured from the owner or operator of an uninsured motor vehicle not owned or operated by the insured or a resident of the same household. An uninsured motor vehicle includes an underinsured motor vehicle as defined in subdivision (p) of Section 11580.2 of the Insurance Code."

The agreement may contain additional statements not in derogation of or in conflict with the foregoing. The execution of the agreement shall

relieve the insurer of liability under this section while the agreement remains in effect.

(3) The agreement specified in paragraph (1) to provide coverage in an amount less than that required by subdivision (m) shall be in the following form:

"The California Insurance Code requires an insurer to provide uninsured motorists coverage in each bodily injury liability insurance policy it issues covering liability arising out of the ownership, maintenance, or use of a motor vehicle. Those provisions also permit the insurer and the applicant to agree to provide the coverage in an amount less than that required by subdivision (m) of Section 11580.2 of the Insurance Code but not less than the financial responsibility requirements. Uninsured motorists coverage insures the insured, his or her heirs, or legal representatives for all sums within the limits established by law, that the person or persons are legally entitled to recover as damages for bodily injury, including any resulting sickness, disease, or death, to the insured from the owner or operator of an uninsured motor vehicle not owned or operated by the insured or a resident of the same household. An uninsured motor vehicle includes an underinsured motor vehicle as defined in subdivision (p) of Section 11580.2 of the Insurance Code."

The agreement may contain additional statements not in derogation of or in conflict with this paragraph. However, it shall be presumed that an application for a policy of bodily injury liability insurance containing uninsured motorist coverage in an amount less than that required by subdivision (m), signed by the named insured and approved by the insurer, with a policy effective date after January 1, 1985, shall be a valid agreement as to the amount of uninsured motorist coverage to be provided.

(b) As used in subdivision (a), "bodily injury" includes sickness or disease, including death, resulting therefrom; "named insured" means only the individual or organization named in the declarations of the policy of motor vehicle bodily injury liability insurance referred to in subdivision (a); as used in subdivision (a) if the named insured is an individual "insured" means the named insured and the spouse of the named insured and, while residents of the same household, relatives of either while occupants of a motor vehicle or otherwise, heirs and any other person while in or upon or entering into or alighting from an insured motor vehicle and any person with respect to damages he or she is entitled to recover for care or loss of services because of bodily injury to which the policy provisions or endorsement apply; as used in subdivision (a), if the named insured is an entity other than an individual, "insured" means any person while in or upon or entering into or alighting from an

insured motor vehicle and any person with respect to damages he or she is entitled to recover for care or loss of services because of bodily injury to which the policy provisions or endorsement apply. As used in this subdivision, "individual" shall not include persons doing business as corporations, partnerships, or associations. As used in this subdivision, "insured motor vehicle" means the motor vehicle described in the underlying insurance policy of which the uninsured motorist endorsement or coverage is a part, a temporary substitute automobile for which liability coverage is provided in the policy or a newly acquired automobile for which liability coverage is provided in the policy if the motor vehicle is used by the named insured or with his or her permission or consent, express or implied, and any other automobile not owned by or furnished for the regular use of the named insured or any resident of the same household, or by a natural person or persons for whom coverage has been deleted in accordance with subdivision (a) while being operated by the named insured or his or her spouse if a resident of the same household, but "insured motor vehicle" shall not include any automobile while used as a public or livery conveyance. As used in this section, "uninsured motor vehicle" means a motor vehicle with respect to the ownership, maintenance or use of which there is no bodily injury liability insurance or bond applicable at the time of the accident, or there is the applicable insurance or bond but the company writing the insurance or bond denies coverage thereunder or refuses to admit coverage thereunder except conditionally or with reservation, or an "underinsured motor vehicle" as defined in subdivision (p), or a motor vehicle used without the permission of the owner thereof if there is no bodily injury liability insurance or bond applicable at the time of the accident with respect to the owner or operator thereof, or the owner or operator thereof be unknown, provided that, with respect to an "uninsured motor vehicle" whose owner or operator is unknown:

(1) The bodily injury has arisen out of physical contact of the automobile with the insured or with an automobile that the insured is occupying.

(2) The insured or someone on his or her behalf has reported the accident within 24 hours to the police department of the city where the accident occurred or, if the accident occurred in unincorporated territory then either to the sheriff of the county where the accident occurred or to the local headquarters of the California Highway Patrol, and has filed with the insurer within 30 days thereafter a statement under oath that the insured or his or her legal representative has or the insured's heirs have a cause of action arising out of the accident for damages against a person or persons whose identity is unascertainable and set forth facts in support thereof. As used in this section, "uninsured motor vehicle"

shall not include a motor vehicle owned or operated by the named insured or any resident of the same household or self-insured within the meaning of the Financial Responsibility Law of the state in which the motor vehicle is registered or that is owned by the United States of America, Canada, a state or political subdivision of any of those governments or an agency of any of the foregoing, or a land motor vehicle or trailer while located for use as a residence or premises and not as a vehicle, or any equipment or vehicle designed or modified for use primarily off public roads, except while actually upon public roads.

As used in this section, "uninsured motor vehicle" also means an insured motor vehicle where the liability insurer thereof is unable to make payment with respect to the legal liability of its insured within the limits specified therein because of insolvency. An insurer's solvency protection shall be applicable only to accidents occurring during a policy period in which its insured's motor vehicle coverage is in effect where the liability insurer of the tortfeasor becomes insolvent within one year of the accident. In the event of payment to any person under the coverage required by this section and subject to the terms and conditions of the coverage, the insurer making the payment, shall to the extent thereof, be entitled to any proceeds that may be recoverable from the assets of the insolvent insurer through any settlement or judgment of the person against the insolvent insurer.

Nothing in this section is intended to exclude from the definition of an uninsured motor vehicle any motorcycle or private passenger-type four-wheel drive motor vehicle if that vehicle was subject to and failed to comply with the Financial Responsibility Law of this state.

(c) The insurance coverage provided for in this section does not apply either as primary or as excess coverage:

(1) To property damage sustained by the insured.

(2) To bodily injury of the insured while in or upon or while entering into or alighting from a motor vehicle other than the described motor vehicle if the owner thereof has insurance similar to that provided in this section.

(3) To bodily injury of the insured with respect to which the insured or his or her representative shall, without the written consent of the insurer, make any settlement with or prosecute to judgment any action against any person who may be legally liable therefor.

(4) In any instance where it would inure directly or indirectly to the benefit of any workers' compensation carrier or to any person qualified as a self-insurer under any workers' compensation law, or directly to the benefit of the United States, or any state or any political subdivision thereof.

(5) To establish proof of financial responsibility as provided in Section 16054 of the Vehicle Code.

(6) To bodily injury of the insured while occupying a motor vehicle owned by an insured or leased to an insured under a written contract for a period of six months or longer, unless the occupied vehicle is an insured motor vehicle. "Motor vehicle" as used in this paragraph means any self-propelled vehicle.

(7) To bodily injury of the insured when struck by a vehicle owned by an insured, except when the injured insured's vehicle is being operated, or caused to be operated, by a person without the injured insured's consent in connection with criminal activity that has been documented in a police report and that the injured insured is not a party to.

(8) To bodily injury of the insured while occupying a motor vehicle rented or leased to the insured for public or livery purposes.

(d) Subject to paragraph (2) of subdivision (c), the policy or endorsement may provide that if the insured has insurance available to the insured under more than one uninsured motorist coverage provision, any damages shall not be deemed to exceed the higher of the applicable limits of the respective coverages, and the damages shall be prorated between the applicable coverages as the limits of each coverage bear to the total of the limits.

(e) The policy or endorsement added thereto may provide that if the insured has valid and collectible automobile medical payment insurance available to him or her, the damages that the insured shall be entitled to recover from the owner or operator of an uninsured motor vehicle shall be reduced for purposes of uninsured motorist coverage by the amounts paid or due to be paid under the automobile medical payment insurance.

(f) The policy or an endorsement added thereto shall provide that the determination as to whether the insured shall be legally entitled to recover damages, and if so entitled, the amount thereof, shall be made by agreement between the insured and the insurer or, in the event of disagreement, by arbitration. The arbitration shall be conducted by a single neutral arbitrator. An award or a judgment confirming an award shall not be conclusive on any party in any action or proceeding between (i) the insured, his or her insurer, his or her legal representative, or his or her heirs and (ii) the uninsured motorist to recover damages arising out of the accident upon which the award is based. If the insured has or may have rights to benefits, other than nonoccupational disability benefits, under any workers' compensation law, the arbitrator shall not proceed with the arbitration until the insured's physical condition is stationary and ratable. In those cases in which the insured claims a permanent disability, the claims shall, unless good cause be shown, be

adjudicated by award or settled by compromise and release before the arbitration may proceed. Any demand or petition for arbitration shall contain a declaration, under penalty of perjury, stating whether (i) the insured has a workers' compensation claim; (ii) the claim has proceeded to findings and award or settlement on all issues reasonably contemplated to be determined in that claim; and (iii) if not, what reasons amounting to good cause are grounds for the arbitration to proceed immediately. The arbitration shall be deemed to be a proceeding and the hearing before the arbitrator shall be deemed to be the trial of an issue therein for purposes of issuance of a subpoena by an attorney of a party to the arbitration under Section 1985 of the Code of Civil Procedure. Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure shall be applicable to these determinations, and all rights, remedies, obligations, liabilities and procedures set forth in Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure shall be available to both the insured and the insurer at any time after the accident, both before and after the commencement of arbitration, if any, with the following limitations:

(1) Whenever in Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure, reference is made to the court in which the action is pending, or provision is made for application to the court or obtaining leave of court or approval by the court, the court that shall have jurisdiction for the purposes of this section shall be the superior court of the State of California, in and for any county that is a proper county for the filing of a suit for bodily injury arising out of the accident, against the uninsured motorist, or any county specified in the policy or an endorsement added thereto as a proper county for arbitration or action thereon.

(2) Any proper court to which application is first made by either the insured or the insurer under Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure for any discovery or other relief or remedy, shall thereafter be the only court to which either of the parties shall make any applications under Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure with respect to the same accident, subject, however, to the right of the court to grant a change of venue after a hearing upon notice, upon any of the grounds upon which change of venue might be granted in an action filed in the superior court.

(3) A deposition pursuant to Chapter 9 (commencing with Section 2025.010) of Title 4 of Part 4 of the Code of Civil Procedure may be taken without leave of court, except that leave of court, granted with or without notice and for good cause shown, must be obtained if the notice

of the taking of the deposition is served by either party within 20 days after the accident.

(4) Subdivision (a) of Section 2025.280 of the Code of Civil Procedure is not applicable to discovery under this section.

(5) For the purposes of discovery under this section, the insured and the insurer shall each be deemed to be "a party to the action," where that phrase is used in Section 2025.260 of the Code of Civil Procedure.

(6) Interrogatories under Chapter 13 (commencing with Section 2030.010) of Title 4 of Part 4 of the Code of Civil Procedure and requests for admission under Chapter 16 (commencing with Section 2033.010) of Title 4 of Part 4 of the Code of Civil Procedure may be served by either the insured or the insurer upon the other at any time more than 20 days after the accident without leave of court.

(7) Nothing in this section limits the rights of any party to discovery in any action pending or that may hereafter be pending in any court.

(g) The insurer paying a claim under an uninsured motorist endorsement or coverage shall be entitled to be subrogated to the rights of the insured to whom the claim was paid against any person legally liable for the injury or death to the extent that payment was made. The action may be brought within three years from the date that payment was made hereunder.

(h) An insured entitled to recovery under the uninsured motorist endorsement or coverage shall be reimbursed within the conditions stated herein without being required to sign any release or waiver of rights to which he or she may be entitled under any other insurance coverage applicable; nor shall payment under this section to the insured be delayed or made contingent upon the decisions as to liability or distribution of loss costs under other bodily injury liability insurance or any bond applicable to the accident. Any loss payable under the terms of the uninsured motorist endorsement or coverage to or for any person may be reduced:

(1) By the amount paid and the present value of all amounts payable to him or her, his or her executor, administrator, heirs, or legal representative under any workers' compensation law, exclusive of nonoccupational disability benefits.

(2) By the amount the insured is entitled to recover from any other person insured under the underlying liability insurance policy of which the uninsured motorist endorsement or coverage is a part, including any amounts tendered to the insured as advance payment on behalf of the other person by the insurer providing the underlying liability insurance.

(i) (1) No cause of action shall accrue to the insured under any policy or endorsement provision issued pursuant to this section unless one of

the following actions have been taken within two years from the date of the accident:

(A) Suit for bodily injury has been filed against the uninsured motorist, in a court of competent jurisdiction.

(B) Agreement as to the amount due under the policy has been concluded.

(C) The insured has formally instituted arbitration proceedings by notifying the insurer in writing sent by certified mail, return receipt requested. Notice shall be sent to the insurer or to the agent for process designated by the insurer filed with the department.

(2) Any arbitration instituted pursuant to this section shall be concluded either:

(A) Within five years from the institution of the arbitration proceeding.

(B) If the insured has a workers' compensation claim arising from the same accident, within three years of the date the claim is concluded, or within the five-year period set forth in subparagraph (A), whichever occurs later.

(3) The doctrines of estoppel, waiver, impossibility, impracticality, and futility apply to excuse a party's noncompliance with the statutory timeframe, as determined by the court.

(4) Parties to the insurance contract may stipulate in writing to extending the time to conclude arbitration.

(j) Notwithstanding subdivisions (b) and (i), in the event the accident occurs in any other state or foreign jurisdiction to which coverage is extended under the policy and the insurer of the tortfeasor becomes insolvent, any action authorized pursuant to this section may be maintained within three months of the insolvency of the tortfeasor's insurer, but in no event later than the pertinent period of limitation of the jurisdiction in which the accident occurred.

(k) Notwithstanding subdivision (i), any insurer whose insured has made a claim under his or her uninsured motorist coverage, and the claim is pending, shall, at least 30 days before the expiration of the applicable statute of limitation, notify its insured in writing of the statute of limitation applicable to the injury or death. Failure of the insurer to provide the written notice shall operate to toll any applicable statute of limitation or other time limitation for a period of 30 days from the date the written notice is actually given. The notice shall not be required if the insurer has received notice that the insured is represented by an attorney.

(*l*) As used in subdivision (b), "public or livery conveyance," or terms of similar import, shall not include the operation or use of a motor vehicle by the named insured in the performance of volunteer services for a nonprofit charitable organization or governmental agency by providing

social service transportation as defined in subdivision (f) of Section 11580.1. This subdivision shall apply only to policies of insurance issued, amended, or renewed on or after January 1, 1976.

(m) Coverage provided under an uninsured motorist endorsement or coverage shall be offered with coverage limits equal to the limits of liability for bodily injury in the underlying policy of insurance, but shall not be required to be offered with limits in excess of the following amounts:

(1) A limit of thirty thousand dollars ($30,000) because of bodily injury to or death of one person in any one accident.

(2) Subject to the limit for one person set forth in paragraph (1), a limit of sixty thousand dollars ($60,000) because of bodily injury to or death of two or more persons in any one accident.

(n) Underinsured motorist coverage shall be offered with limits equal to the limits of liability for the insured's uninsured motorist limits in the underlying policy, and may be offered with limits in excess of the uninsured motorist coverage. For the purposes of this section, uninsured and underinsured motorist coverage shall be offered as a single coverage. However, an insurer may offer coverage for damages for bodily injury or wrongful death from the owner or operator of an underinsured motor vehicle at greater limits than an uninsured motor vehicle.

(o) If an insured has failed to provide an insurer with wage loss information or medical treatment record releases within 15 days of the insurer's request or has failed to submit to a medical examination arranged by the insurer within 20 days of the insurer's request, the insurer may, at any time prior to 30 days before the actual arbitration proceedings commence, request, and the insured shall furnish, wage loss information or medical treatment record releases, and the insurer may require the insured, except during periods of hospitalization, to make himself or herself available for a medical examination. The wage loss information or medical treatment record releases shall be submitted by the insured within 10 days of request and the medical examination shall be arranged by the insurer no sooner than 10 days after request, unless the insured agrees to an earlier examination date, and not later than 20 days after the request. If the insured fails to comply with the requirements of this subdivision, the actual arbitration proceedings shall be stayed for at least 30 days following compliance by the insured. The proceedings shall be scheduled as soon as practicable following expiration of the 30-day period.

(p) This subdivision applies only when bodily injury, as defined in subdivision (b), is caused by an underinsured motor vehicle. If the provisions of this subdivision conflict with subdivisions (a) through (o), the provisions of this subdivision shall prevail.

(1) As used in this subdivision, "an insured motor vehicle" is one that is insured under a motor vehicle liability policy, or automobile liability insurance policy, self-insured, or for which a cash deposit or bond has been posted to satisfy a financial responsibility law.

(2) "Underinsured motor vehicle" means a motor vehicle that is an insured motor vehicle but insured for an amount that is less than the uninsured motorist limits carried on the motor vehicle of the injured person.

(3) This coverage does not apply to any bodily injury until the limits of bodily injury liability policies applicable to all insured motor vehicles causing the injury have been exhausted by payment of judgments or settlements, and proof of the payment is submitted to the insurer providing the underinsured motorist coverage.

(4) When bodily injury is caused by one or more motor vehicles, whether insured, underinsured, or uninsured, the maximum liability of the insurer providing the underinsured motorist coverage shall not exceed the insured's underinsured motorist coverage limits, less the amount paid to the insured by or for any person or organization that may be held legally liable for the injury.

(5) The insurer paying a claim under this subdivision shall, to the extent of the payment, be entitled to reimbursement or credit in the amount received by the insured from the owner or operator of the underinsured motor vehicle or the insurer of the owner or operator.

(6) If the insured brings an action against the owner or operator of an underinsured motor vehicle, he or she shall forthwith give to the insurer providing the underinsured motorist coverage a copy of the complaint by personal service or certified mail. All pleadings and depositions shall be made available for copying or copies furnished the insurer, at the insurer's expense, within a reasonable time.

(7) Underinsured motorist coverage shall be included in all policies of bodily injury liability insurance providing uninsured motorist coverage issued or renewed on or after July 1, 1985. Notwithstanding this section, an agreement to delete uninsured motorist coverage completely, or with respect to a person or persons designated by name, executed prior to July 1, 1985, shall remain in full force and effect.

(q) Regardless of the number of vehicles involved whether insured or not, persons covered, claims made, premiums paid or the number of premiums shown on the policy, in no event shall the limit of liability for two or more motor vehicles or two or more policies be added together, combined, or stacked to determine the limit of insurance coverage available to injured persons.

SEC. 24. Section 1524 of the Penal Code is amended to read:

1524. (a) A search warrant may be issued upon any of the following grounds:

(1) When the property was stolen or embezzled.

(2) When the property or things were used as the means of committing a felony.

(3) When the property or things are in the possession of any person with the intent to use them as a means of committing a public offense, or in the possession of another to whom he or she may have delivered them for the purpose of concealing them or preventing their being discovered.

(4) When the property or things to be seized consist of any item or constitute any evidence that tends to show a felony has been committed, or tends to show that a particular person has committed a felony.

(5) When the property or things to be seized consist of evidence that tends to show that sexual exploitation of a child, in violation of Section 311.3, or possession of matter depicting sexual conduct of a person under the age of 18 years, in violation of Section 311.11, has occurred or is occurring.

(6) When there is a warrant to arrest a person.

(7) When a provider of electronic communication service or remote computing service has records or evidence, as specified in Section 1524.3, showing that property was stolen or embezzled constituting a misdemeanor, or that property or things are in the possession of any person with the intent to use them as a means of committing a misdemeanor public offense, or in the possession of another to whom he or she may have delivered them for the purpose of concealing them or preventing their discovery.

(8) When the property or things to be seized include an item or any evidence that tends to show a violation of Section 3700.5 of the Labor Code, or tends to show that a particular person has violated Section 3700.5 of the Labor Code.

(b) The property or things or person or persons described in subdivision (a) may be taken on the warrant from any place, or from any person in whose possession the property or things may be.

(c) Notwithstanding subdivision (a) or (b), no search warrant shall issue for any documentary evidence in the possession or under the control of any person, who is a lawyer as defined in Section 950 of the Evidence Code, a physician as defined in Section 990 of the Evidence Code, a psychotherapist as defined in Section 1010 of the Evidence Code, or a member of the clergy as defined in Section 1030 of the Evidence Code, and who is not reasonably suspected of engaging or having engaged in criminal activity related to the documentary evidence for which a warrant is requested unless the following procedure has been complied with:

(1) At the time of the issuance of the warrant the court shall appoint a special master in accordance with subdivision (d) to accompany the person who will serve the warrant. Upon service of the warrant, the special master shall inform the party served of the specific items being sought and that the party shall have the opportunity to provide the items requested. If the party, in the judgment of the special master, fails to provide the items requested, the special master shall conduct a search for the items in the areas indicated in the search warrant.

(2) If the party who has been served states that an item or items should not be disclosed, they shall be sealed by the special master and taken to court for a hearing.

At the hearing, the party searched shall be entitled to raise any issues that may be raised pursuant to Section 1538.5 as well as a claim that the item or items are privileged, as provided by law. The hearing shall be held in the superior court. The court shall provide sufficient time for the parties to obtain counsel and make any motions or present any evidence. The hearing shall be held within three days of the service of the warrant unless the court makes a finding that the expedited hearing is impracticable. In that case the matter shall be heard at the earliest possible time.

If an item or items are taken to court for a hearing, any limitations of time prescribed in Chapter 2 (commencing with Section 799) of Title 3 of Part 2 shall be tolled from the time of the seizure until the final conclusion of the hearing, including any associated writ or appellate proceedings.

(3) The warrant shall, whenever practicable, be served during normal business hours. In addition, the warrant shall be served upon a party who appears to have possession or control of the items sought. If, after reasonable efforts, the party serving the warrant is unable to locate the person, the special master shall seal and return to the court, for determination by the court, any item that appears to be privileged as provided by law.

(d) As used in this section, a "special master" is an attorney who is a member in good standing of the California State Bar and who has been selected from a list of qualified attorneys that is maintained by the State Bar particularly for the purposes of conducting the searches described in this section. These attorneys shall serve without compensation. A special master shall be considered a public employee, and the governmental entity that caused the search warrant to be issued shall be considered the employer of the special master and the applicable public entity, for purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code, relating to claims and actions against public entities and public employees. In selecting the special master, the

court shall make every reasonable effort to ensure that the person selected has no relationship with any of the parties involved in the pending matter. Any information obtained by the special master shall be confidential and may not be divulged except in direct response to inquiry by the court.

In any case in which the magistrate determines that, after reasonable efforts have been made to obtain a special master, a special master is not available and would not be available within a reasonable period of time, the magistrate may direct the party seeking the order to conduct the search in the manner described in this section in lieu of the special master.

(e) Any search conducted pursuant to this section by a special master may be conducted in a manner that permits the party serving the warrant or his or her designee to accompany the special master as he or she conducts his or her search. However, that party or his or her designee may not participate in the search nor shall he or she examine any of the items being searched by the special master except upon agreement of the party upon whom the warrant has been served.

(f) As used in this section, "documentary evidence" includes, but is not limited to, writings, documents, blueprints, drawings, photographs, computer printouts, microfilms, X-rays, files, diagrams, ledgers, books, tapes, audio and video recordings, films or papers of any type or description.

(g) No warrant shall issue for any item or items described in Section 1070 of the Evidence Code.

(h) Notwithstanding any other law, no claim of attorney work product as described in Chapter 4 (commencing with Section 2018.010) of Title 4 of Part 4 of the Code of Civil Procedure shall be sustained where there is probable cause to believe that the lawyer is engaging or has engaged in criminal activity related to the documentary evidence for which a warrant is requested unless it is established at the hearing with respect to the documentary evidence seized under the warrant that the services of the lawyer were not sought or obtained to enable or aid anyone to commit or plan to commit a crime or a fraud.

(i) Nothing in this section is intended to limit an attorney's ability to request an in camera hearing pursuant to the holding of the Supreme Court of California in People v. Superior Court (Laff) (2001) 25 Cal.4th 703.

(j) In addition to any other circumstance permitting a magistrate to issue a warrant for a person or property in another county, when the property or things to be seized consist of any item or constitute any evidence that tends to show a violation of Section 530.5, the magistrate may issue a warrant to search a person or property located in another

county if the person whose identifying information was taken or used resides in the same county as the issuing court.

SEC. 25. Section 5.5 of this bill incorporates amendments to Section 1985.6 of the Code of Civil Procedure proposed by both this bill and AB 496. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 1985.6 of the Code of Civil Procedure, and (3) this bill is enacted after AB 496, in which case Section 5 of this bill shall not become operative.

CHAPTER 295

An act to amend Section 1189 of the Civil Code, to amend Section 8225 of, and to add Sections 8214.8 and 8228.1 to, the Government Code, and to amend Section 470 of the Penal Code, relating to notaries public.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 1189 of the Civil Code is amended to read:

1189. (a) Any certificate of acknowledgment taken within this state shall be in the following form:

State of California
County of _____)

On _____ before me, (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

(b) Any certificate of acknowledgment taken in another place shall be sufficient in this state if it is taken in accordance with the laws of the place where the acknowledgment is made.

(c) On documents to be filed in another state or jurisdiction of the United States, a California notary public may complete any acknowledgment form as may be required in that other state or jurisdiction on a document, provided the form does not require the notary to determine or certify that the signer holds a particular representative capacity or to make other determinations and certifications not allowed by California law.

(d) An acknowledgment provided prior to January 1, 1993, and conforming to applicable provisions of former Sections 1189, 1190, 1190a, 1190.1, 1191, and 1192, as repealed by Chapter 335 of the Statutes of 1990, shall have the same force and effect as if those sections had not been repealed.

SEC. 2. Section 8214.8 is added to the Government Code, to read:

8214.8. Upon conviction of any offense in this chapter, or of Section 6203, or of any felony, of a person commissioned as a notary public, in addition to any other penalty, the court shall revoke the commission of the notary public, and shall require the notary public to surrender to the court the seal of the notary public. The court shall forward the seal, together with a certified copy of the judgment of conviction, to the Secretary of State.

SEC. 3. Section 8225 of the Government Code is amended to read:

8225. (a) Any person who solicits, coerces, or in any manner influences a notary public to perform an improper notarial act knowing that act to be an improper notarial act, including any act required of a notary public under Section 8206, shall be guilty of a misdemeanor.

(b) The penalty provided by this section is not an exclusive remedy, and does not affect any other relief or remedy provided by law.

SEC. 4. Section 8228.1 is added to the Government Code, to read:

8228.1. (a) Any notary public who willfully fails to perform any duty required of a notary public under Section 8206, or who willfully fails to keep the seal of the notary public under the direct and exclusive control of the notary public, or who surrenders the seal of the notary public to any person not otherwise authorized by law to possess the seal of the notary, shall be guilty of a misdemeanor.

(b) The penalty provided by this section is not an exclusive remedy, and does not affect any other relief or remedy provided by law.

SEC. 5. Section 470 of the Penal Code is amended to read:

470. (a) Every person who, with the intent to defraud, knowing that he or she has no authority to do so, signs the name of another person or of a fictitious person to any of the items listed in subdivision (d) is guilty of forgery.

(b) Every person who, with the intent to defraud, counterfeits or forges the seal or handwriting of another is guilty of forgery.

(c) Every person who, with the intent to defraud, alters, corrupts, or falsifies any record of any will, codicil, conveyance, or other instrument, the record of which is by law evidence, or any record of any judgment of a court or the return of any officer to any process of any court, is guilty of forgery.

(d) Every person who, with the intent to defraud, falsely makes, alters, forges, or counterfeits, utters, publishes, passes or attempts or offers to pass, as true and genuine, any of the following items, knowing the same to be false, altered, forged, or counterfeited, is guilty of forgery: any check, bond, bank bill, or note, cashier's check, traveler's check, money order, post note, draft, any controller's warrant for the payment of money at the treasury, county order or warrant, or request for the payment of money, receipt for money or goods, bill of exchange, promissory note, order, or any assignment of any bond, writing obligatory, or other contract for money or other property, contract, due bill for payment of money or property, receipt for money or property, passage ticket, lottery ticket or share purporting to be issued under the California State Lottery Act of 1984, trading stamp, power of attorney, certificate of ownership or other document evidencing ownership of a vehicle or undocumented vessel, or any certificate of any share, right, or interest in the stock of any corporation or association, or the delivery of goods or chattels of any kind, or for the delivery of any instrument of writing, or acquittance, release or discharge of any debt, account, suit, action, demand, or any other thing, real or personal, or any transfer or assurance of money, certificate of shares of stock, goods, chattels, or other property whatever, or any letter of attorney, or other power to receive money, or to receive or transfer certificates of shares of stock or annuities, or to let, lease, dispose of, alien, or convey any goods, chattels, lands, or tenements, or other estate, real or personal, or falsifies the acknowledgment of any notary public, or any notary public who issues an acknowledgment knowing it to be false; or any matter described in subdivision (b).

(e) Upon a trial for forging any bill or note purporting to be the bill or note of an incorporated company or bank, or for passing, or attempting to pass, or having in possession with intent to pass, any forged bill or note, it is not necessary to prove the incorporation of the bank or company by the charter or act of incorporation, but it may be proved by general

reputation; and persons of skill are competent witnesses to prove that the bill or note is forged or counterfeited.

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

CHAPTER 296

An act to amend Section 10601.2 of the Welfare and Institutions Code, relating to public social services.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 10601.2 of the Welfare and Institutions Code is amended to read:

10601.2. (a) The State Department of Social Services shall establish, by April 1, 2003, the California Child and Family Service Review System, in order to review all county child welfare systems. These reviews shall cover child protective services, foster care, adoption, family preservation, family support, and independent living.

(b) Child and family service reviews shall maximize compliance with the federal regulations for the receipt of money from Subtitle E (commencing with Section 470) of Title IV of the federal Social Security Act (42 U.S.C. Sec. 670 and following) and ensure compliance with state plan requirements set forth in Subtitle B (commencing with Section 421) of Title IV of the federal Social Security Act (42 U.S.C. Sec. 621 and following).

(c) (1) By October 1, 2002, the California Health and Human Services Agency shall convene a workgroup comprised of representatives of the Judicial Council, the State Department of Social Services, the State Department of Health Services, the State Department of Mental Health, the State Department of Education, the Department of Child Support Services, the State Department of Justice, any other state departments or agencies the California Health and Human Services Agency deems

necessary, the County Welfare Directors Association, the California State Association of Counties, the Chief Probation Officers of California, the California Youth Connection, and representatives of California tribes, interested child advocacy organizations, researchers, and foster parent organizations. The workgroup shall establish a workplan by which child and family service reviews shall be conducted pursuant to this section, including a process for qualitative peer reviews of case information.

(2) At a minimum, in establishing the workplan, the workgroup shall consider any existing federal program improvement plans entered into by the state pursuant to federal regulations, the outcome indicators to be measured, compliance thresholds for each indicator, timelines for implementation, county review cycles, uniform processes, procedures and review instruments to be used, a corrective action process, and any funding or staffing increases needed to implement the requirements of this section. The agency shall broadly consider collaboration with all entities to allow the adequate exchange of information and coordination of efforts to improve outcomes for foster youth and families.

(d) (1) The California Child and Family Service Review System outcome indicators shall be consistent with the federal child and family service review measures and standards for child and family outcomes and system factors authorized by Subtitle B (commencing with Section 421) and Subtitle E (commencing with Section 470) of Title IV of the federal Social Security Act and the regulations adopted pursuant to those provisions (Parts 1355 to 1357, inclusive, of Title 45 of the Code of Federal Regulations).

(2) During the first review cycle pursuant to this section, each county shall be reviewed according to the outcome indicators established for the California Child and Family Service Review System.

(3) For subsequent reviews, the workgroup shall consider whether to establish additional outcome indicators that support the federal outcomes and any program improvement plan, and promote good health, mental health, behavioral, educational, and other relevant outcomes for children and families in California's child welfare services system.

(e) The State Department of Social Services shall identify and promote the replication of best practices in child welfare service delivery to achieve the measurable outcomes established pursuant to subdivision (d).

(f) The State Department of Social Services shall provide information to the Assembly and Senate Budget Committees and appropriate legislative policy committees annually, beginning with the 2002–03 fiscal year, on all of the following:

(1) The department's progress in planning for the federal child and family service review to be conducted by the United States Department

of Health and Human Services and, upon completion of the federal review, the findings of that review, the state's response to the findings, and the details of any program improvement plan entered into by the state.

(2) The department's progress in implementing the California child and family service reviews, including, but not limited to, the timelines for implementation, the process to be used, and any funding or staffing increases needed at the state or local level to implement the requirements of this section.

(3) The findings and recommendations for child welfare system improvements identified in county self-assessments and county system improvement plans, including information on common statutory, regulatory, or fiscal barriers identified as inhibiting system improvements, any recommendations to overcome those barriers, and, as applicable, information regarding the allocation and use of the moneys provided to counties pursuant to subdivision (i).

(g) Effective April 1, 2003, the existing county compliance review system shall be suspended to provide to the State Department of Social Services sufficient lead time to provide training and technical assistance to counties for the preparation necessary to transition to the new child and family service review system.

(h) Beginning January 1, 2004, the department shall commence individual child and family service reviews of California counties. County child welfare systems that do not meet the established compliance thresholds for the outcome measures that are reviewed shall receive technical assistance from teams made up of state and peer-county administrators to assist with implementing best practices to improve their performance and make progress toward meeting established levels of compliance.

(i) (1) To the extent that funds are appropriated in the annual Budget Act to enable counties to implement approaches to improving their performance on the outcome indicators under this section, the department, in consultation with counties, shall establish a process for allocating the funds to counties.

(2) The allocation process shall take into account, at a minimum, the extent to which the proposed funding would be used for activities that are reasonably expected to help the county make progress toward the outcome indicators established pursuant to this section, and the extent to which county funding for the Child Abuse, Prevention and Treatment program is aligned with the outcome indicators.

(3) To the extent possible, a county shall use funds allocated pursuant to this subdivision in a manner that enables the county to access additional federal, state, and local funds from other available sources.

However, a county's ability to receive additional matching funds from these sources shall not be a determining factor in the allocation process established pursuant to this subdivision.

(4) The department shall provide information to the appropriate committees of the Legislature on the process established pursuant to this subdivision for allocating funds to counties.

CHAPTER 297

An act to amend Section 12956.1 of, and to add Section 12956.2 to, the Government Code, relating to housing.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 12956.1 of the Government Code is amended to read:

12956.1. (a) As used in this section, "association," "governing documents," and "declaration" have the same meanings as set forth in Section 1351 of the Civil Code.

(b) (1) A county recorder, title insurance company, escrow company, real estate broker, real estate agent, or association that provides a copy of a declaration, governing document, or deed to any person shall place a cover page or stamp on the first page of the previously recorded document or documents stating, in at least 14-point boldface type, the following:

"If this document contains any restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status."

(2) The requirements set forth in paragraph (1) shall not apply to documents being submitted for recordation to a county recorder.

(c) Any person who records a document for the express purpose of adding a racially restrictive covenant is guilty of a misdemeanor. The county recorder shall not incur any liability for recording the document. Notwithstanding any other provision of law, a prosecution for a violation

of this subdivision shall commence within three years after the discovery of the recording of the document.

SEC. 2. Section 12956.2 is added to the Government Code, to read:

12956.2. (a) A person who holds an ownership interest of record in property that he or she believes is the subject of an unlawfully restrictive covenant in violation of subdivision (*l*) of Section 12955 may record a document titled Restrictive Covenant Modification. The county recorder may choose to waive the fee prescribed for recording and indexing instruments pursuant to Section 27361 in the case of the modification document provided for in this section. The modification document shall include a complete copy of the original document containing the unlawfully restrictive language with the unlawfully restrictive language stricken.

(b) Before recording the modification document, the county recorder shall submit the modification document and the original document to the county counsel who shall determine whether the original document contains an unlawful restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry. The county counsel shall return the documents and inform the county recorder of its determination. The county recorder shall refuse to record the modification document if the county counsel finds that the original document does not contain an unlawful restriction as specified in this paragraph.

(c) The modification document shall be indexed in the same manner as the original document being modified. It shall contain a recording reference to the original document in the form of a book and page or instrument number, and date of the recording.

(d) Subject to covenants, conditions, and restrictions that were recorded after the recording of the original document that contains the unlawfully restrictive language and subject to covenants, conditions, and restrictions that will be recorded after the Restrictive Covenant Modification, the restrictions in the Restrictive Covenant Modification, once recorded, are the only restrictions having effect on the property. The effective date of the terms and conditions of the modification document shall be the same as the effective date of the original document.

(e) The county recorder shall make available to the public Restrictive Covenant Modification forms.

(f) If the holder of an ownership interest of record in property causes to be recorded a modified document pursuant to this section that contains modifications not authorized by this section, the county recorder shall not incur liability for recording the document. The liability that may result from the unauthorized recordation is the sole responsibility of the

holder of the ownership interest of record who caused the modified recordation.

(g) This section does not apply to persons holding an ownership interest in property that is part of a common interest development as defined in subdivision (c) of Section 1351 of the Civil Code if the board of directors of that common interest development is subject to the requirements of subdivision (b) of Section 1352.5 of the Civil Code.

SEC. 3. 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 the local agency or school district has the authority to levy services 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.

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

CHAPTER 298

An act to amend Sections 2456 and 2458 of the Streets and Highways Code, relating to transportation.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 2456 of the Streets and Highways Code is amended to read:

2456. An allocation for construction costs, including preconstruction costs if not already allocated, shall be made to a local agency only if it furnishes evidence satisfactory to the department that all necessary orders of the Public Utilities Commission have been executed, that sufficient local funds will be made available as the work of the project progresses, that all necessary agreements with affected railroad or railroads have been executed that, if required, all environmental impact reports have been prepared and approvals obtained, and that all other matters prerequisite to the award of the construction contract can be accomplished within two years after the allocation. Local funds shall be deemed

available to the amount of any general obligation bonds authorized but unsold if it is determined that those bonds may be issued and sold by the local agency at any time.

SEC. 2. Section 2458 of the Streets and Highways Code is amended to read:

2458. Except as provided in this section, allocations shall remain available until expended. If a construction contract has not been awarded within two years after an allocation for construction costs, the commission may order the allocation canceled and such funds shall revert to the fund set aside for purposes of this chapter. All or any part of an allocation for preconstruction costs may be canceled and such funds shall revert to the fund set aside for purposes of this chapter upon a finding that insufficient progress is being made to complete the project. Where an allocation is canceled pursuant to this section, the local agency shall reimburse the fund set aside for purposes of this chapter the portion of the allocation which is not reverted as set forth in this section. The department shall determine, with the local agency, as to the time of repayment.

CHAPTER 299

An act to amend Section 4454 of the Government Code, relating to disability access, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 4454 of the Government Code is amended to read:

4454. (a) Where state funds are utilized for any building or facility subject to this chapter, or where funds of counties, municipalities, or other political subdivisions are utilized for the construction of elementary school, secondary school, or community college buildings and facilities subject to this chapter, no contract shall be awarded until the Department of General Services has issued written approval stating that the plans and specifications comply with the intent of this chapter.

(b) Notwithstanding subdivision (a), for all transportation facilities, other than rail or transit stations, located within state highway rights-of-way, the Department of Transportation is authorized to issue

the required written approval stating that the plans and specifications comply with intent of this chapter. If the Department of General Services, Division of the State Architect, establishes a certified access specialist program, as described in Section 4459.5, specific to standards governing access to transportation facilities, the Department of Transportation shall within 180 days of establishment of the program begin using engineers certified through that program to verify that the Department of Transportation's standards, guidelines, and design exceptions comply with the intent of this chapter.

(c) In each case the application for approval shall be accompanied by the plans and full, complete, and accurate specifications, which shall comply in every respect with any and all requirements prescribed by the Department of General Services.

(d) Except for facilities located within state highway rights-of-way, other than rail or transit stations, the application shall be accompanied by a filing fee in amounts as determined by the Department of General Services. All fees shall be deposited into the Access for Handicapped Account, which is hereby renamed the Disability Access Account as of July 1, 2001, and established in the General Fund. Notwithstanding Section 13340, the account is continuously appropriated for expenditures for the use of the Department of General Services, in carrying out the department's responsibilities under this chapter.

(e) The Department of General Services shall consult with the Department of Rehabilitation in identifying the requirements necessary to comply with this chapter.

(f) The Department of General Services, Division of the State Architect, shall include the cost of carrying out the responsibilities identified in this chapter as part of the plan review costs in determining fees.

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 for the provisions of this act to take effect as soon as possible, it is necessary that this act take effect immediately.

CHAPTER 300

An act to amend Section 22350 of the Business and Professions Code, to amend Sections 412.10, 417.30, 583.210, 1010.6, 1985.3, and 1985.6 of the Code of Civil Procedure, and to amend Section 4013 of the Penal Code, relating to service of process.

[Approved by Governor September 22, 2005. Filed with
Secretary of State September 22, 2005.]

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

SECTION 1. Section 22350 of the Business and Professions Code is amended to read:

22350. (a) Any natural person who makes more than 10 services of process within this state during one calendar year, for specific compensation or in expectation of specific compensation, where that compensation is directly attributable to the service of process, shall file and maintain a verified certificate of registration as a process server with the county clerk of the county in which he or she resides or has his or her principal place of business. Any corporation or partnership that derives or expects to derive compensation from service of process within this state shall also file and maintain a verified certificate of registration as a process server with the county clerk of the county in which the corporation or partnership has its principal place of business.

(b) This chapter shall not apply to any of the following:

(1) Any sheriff, marshal, or government employee who is acting within the course and scope of his or her employment.

(2) An attorney or his or her employees, when serving process related to cases for which the attorney is providing legal services.

(3) Any person who is specially appointed by a court to serve its process.

(4) A licensed private investigator or his or her employees.

(5) A professional photocopier registered under Section 22450, or an employee thereof, whose only service of process relates to subpoenas for the production of records, which subpoenas specify that the records be copied by that registered professional photocopier.

SEC. 2. Section 412.10 of the Code of Civil Procedure is amended to read:

412.10. After payment of all applicable fees, the plaintiff may have the clerk issue one or more summons for any defendant. The clerk shall keep each original summons in the court records and provide a copy of each summons issued to the plaintiff who requested issuance of the summons.

SEC. 3. Section 417.30 of the Code of Civil Procedure is amended to read:

417.30. After a summons has been served on a person, proof of service of the summons as provided in Section 417.10 or 417.20 shall be filed, unless the defendant has previously made a general appearance.

SEC. 4. Section 583.210 of the Code of Civil Procedure is amended to read:

583.210. (a) The summons and complaint shall be served upon a defendant within three years after the action is commenced against the defendant. For the purpose of this subdivision, an action is commenced at the time the complaint is filed.

(b) Proof of service of the summons shall be filed within 60 days after the time the summons and complaint must be served upon a defendant.

SEC. 5. Section 1010.6 of the Code of Civil Procedure is amended to read:

1010.6. (a) A trial court may adopt local rules permitting electronic filing and service of documents, subject to rules adopted pursuant to subdivision (b) and the following conditions:

(1) A document that is filed electronically shall have the same legal effect as an original paper document.

(2) (A) When a document to be filed requires the signature, not under penalty of perjury, of an attorney or a person filing in propia persona, the document shall be deemed to have been signed by that attorney or person if filed electronically.

(B) When a document to be filed requires the signature, under penalty of perjury, of any person, the document shall be deemed to have been signed by that person if filed electronically and if a printed form of the document has been signed by that person prior to, or on the same day as, the date of filing. The attorney or person filing the document represents, by the act of filing, that the declarant has complied with this section. The attorney or person filing the document shall maintain the printed form of the document bearing the original signature and make it available for review and copying upon the request of the court or any party to the action or proceeding in which it is filed.

(3) Any document that is electronically filed with the court after the close of business on any day shall be deemed to have been filed on the next court day. "Close of business," as used in this paragraph, shall mean 5 p.m. or the time at which the court would not accept filing at the court's filing counter, whichever is earlier.

(4) The court receiving a document filed electronically shall issue a confirmation that the document has been received and filed. The confirmation shall serve as proof that the document has been filed.

(5) Upon electronic filing of a complaint, petition, or other document that must be served with a summons, a trial court, upon request of the party filing the action, shall issue a summons with the court seal and the case number. The court shall keep the summons in its records and may electronically transmit a copy of the summons to the requesting party. Personal service of a printed form of the electronic summons shall have

the same legal effect as personal service of an original summons. If a trial court plans to electronically transmit a summons to the party filing a complaint, the court shall immediately upon receipt of the complaint notify the attorney or party that a summons will be electronically transmitted to the electronic address given by the person filing the complaint.

(6) Where notice may be served by mail, express mail, overnight delivery, or facsimile transmission, electronic service of the notice and any accompanying documents may be authorized when a party has agreed to accept service electronically in that action. Electronic service is complete at the time of transmission, but any period of notice or any right or duty to do any act or make any response within any period or on a date certain after the service of the document, which time period or date is prescribed by statute or rule of court, shall be extended after service by electronic transmission by two court days, but the extension shall not apply to extend the time for filing notice of intention to move for new trial, notice of intention to move to vacate judgment pursuant to Section 663a, or notice of appeal. This extension applies in the absence of a specific exception provided for by any other statute or rule of court.

(7) The court shall permit a party or attorney to file an application for waiver of court fees and costs, in lieu of requiring the payment of the filing fee, as part of the process involving the electronic filing of a document. The court shall consider and determine the application in accordance with Section 68511.3 of the Government Code and shall not require the party or attorney to submit any documentation other than that set forth in Section 68511.3 of the Government Code. Nothing in this section shall require the court to waive a filing fee that is not otherwise waivable.

(8) If a trial court adopts rules conforming to paragraphs (1) to (7), inclusive, it may provide by order that all parties to an action file documents electronically in a class action, a consolidated action, or a group of actions, a coordinated action, or an action that is deemed complex under Judicial Council rules, provided that the trial court's order does not cause undue hardship or significant prejudice to any party in the action.

(b) By January 1, 2003, the Judicial Council shall adopt uniform rules for the electronic filing and service of documents in the trial courts of the state, which shall include statewide policies on vendor contracts, privacy, and access to public records. These rules shall conform to the conditions set forth in this section, as amended from time to time.

SEC. 6. Section 1985.3 of the Code of Civil Procedure is amended to read:

1985.3. (a) For purposes of this section, the following definitions apply:

(1) "Personal records" means the original, any copy of books, documents, other writings, or electronic data pertaining to a consumer and which are maintained by any "witness" which is a physician, dentist, ophthalmologist, optometrist, chiropractor, physical therapist, acupuncturist, podiatrist, veterinarian, veterinary hospital, veterinary clinic, pharmacist, pharmacy, hospital, medical center, clinic, radiology or MRI center, clinical or diagnostic laboratory, state or national bank, state or federal association (as defined in Section 5102 of the Financial Code), state or federal credit union, trust company, anyone authorized by this state to make or arrange loans that are secured by real property, security brokerage firm, insurance company, title insurance company, underwritten title company, escrow agent licensed pursuant to Division 6 (commencing with Section 17000) of the Financial Code or exempt from licensure pursuant to Section 17006 of the Financial Code, attorney, accountant, institution of the Farm Credit System, as specified in Section 2002 of Title 12 of the United States Code, or telephone corporation which is a public utility, as defined in Section 216 of the Public Utilities Code, or psychotherapist, as defined in Section 1010 of the Evidence Code, or a private or public preschool, elementary school, secondary school, or postsecondary school as described in Section 76244 of the Education Code.

(2) "Consumer" means any individual, partnership of five or fewer persons, association, or trust which has transacted business with, or has used the services of, the witness or for whom the witness has acted as agent or fiduciary.

(3) "Subpoenaing party" means the person or persons causing a subpoena duces tecum to be issued or served in connection with any civil action or proceeding pursuant to this code, but shall not include the state or local agencies described in Section 7465 of the Government Code, or any entity provided for under Article VI of the California Constitution in any proceeding maintained before an adjudicative body of that entity pursuant to Chapter 4 (commencing with Section 6000) of Division 3 of the Business and Professions Code.

(4) "Deposition officer" means a person who meets the qualifications specified in Section 2020.420.

(b) Prior to the date called for in the subpoena duces tecum for the production of personal records, the subpoenaing party shall serve or cause to be served on the consumer whose records are being sought a copy of the subpoena duces tecum, of the affidavit supporting the issuance of the subpoena, if any, and of the notice described in

subdivision (e), and proof of service as indicated in paragraph (1) of subdivision (c). This service shall be made as follows:

(1) To the consumer personally, or at his or her last known address, or in accordance with Chapter 5 (commencing with Section 1010) of Title 14 of Part 3, or, if he or she is a party, to his or her attorney of record. If the consumer is a minor, service shall be made on the minor's parent, guardian, conservator, or similar fiduciary, or if one of them cannot be located with reasonable diligence, then service shall be made on any person having the care or control of the minor or with whom the minor resides or by whom the minor is employed, and on the minor if the minor is at least 12 years of age.

(2) Not less than 10 days prior to the date for production specified in the subpoena duces tecum, plus the additional time provided by Section 1013 if service is by mail.

(3) At least five days prior to service upon the custodian of the records, plus the additional time provided by Section 1013 if service is by mail.

(c) Prior to the production of the records, the subpoenaing party shall do either of the following:

(1) Serve or cause to be served upon the witness a proof of personal service or of service by mail attesting to compliance with subdivision (b).

(2) Furnish the witness a written authorization to release the records signed by the consumer or by his or her attorney of record. The witness may presume that any attorney purporting to sign the authorization on behalf of the consumer acted with the consent of the consumer, and that any objection to release of records is waived.

(d) A subpoena duces tecum for the production of personal records shall be served in sufficient time to allow the witness a reasonable time, as provided in Section 2020.410, to locate and produce the records or copies thereof.

(e) Every copy of the subpoena duces tecum and affidavit, if any, served on a consumer or his or her attorney in accordance with subdivision (b) shall be accompanied by a notice, in a typeface designed to call attention to the notice, indicating that (1) records about the consumer are being sought from the witness named on the subpoena; (2) if the consumer objects to the witness furnishing the records to the party seeking the records, the consumer must file papers with the court or serve a written objection as provided in subdivision (g) prior to the date specified for production on the subpoena; and (3) if the party who is seeking the records will not agree in writing to cancel or limit the subpoena, an attorney should be consulted about the consumer's interest in protecting his or her rights of privacy. If a notice of taking of

deposition is also served, that other notice may be set forth in a single document with the notice required by this subdivision.

(f) A subpoena duces tecum for personal records maintained by a telephone corporation which is a public utility, as defined in Section 216 of the Public Utilities Code, shall not be valid or effective unless it includes a consent to release, signed by the consumer whose records are requested, as required by Section 2891 of the Public Utilities Code.

(g) Any consumer whose personal records are sought by a subpoena duces tecum and who is a party to the civil action in which this subpoena duces tecum is served may, prior to the date for production, bring a motion under Section 1987.1 to quash or modify the subpoena duces tecum. Notice of the bringing of that motion shall be given to the witness and deposition officer at least five days prior to production. The failure to provide notice to the deposition officer shall not invalidate the motion to quash or modify the subpoena duces tecum but may be raised by the deposition officer as an affirmative defense in any action for liability for improper release of records.

Any other consumer or nonparty whose personal records are sought by a subpoena duces tecum may, prior to the date of production, serve on the subpoenaing party, the witness, and the deposition officer, a written objection that cites the specific grounds on which production of the personal records should be prohibited.

No witness or deposition officer shall be required to produce personal records after receipt of notice that the motion has been brought by a consumer, or after receipt of a written objection from a nonparty consumer, except upon order of the court in which the action is pending or by agreement of the parties, witnesses, and consumers affected.

The party requesting a consumer's personal records may bring a motion under Section 1987.1 to enforce the subpoena within 20 days of service of the written objection. The motion shall be accompanied by a declaration showing a reasonable and good faith attempt at informal resolution of the dispute between the party requesting the personal records and the consumer or the consumer's attorney.

(h) Upon good cause shown and provided that the rights of witnesses and consumers are preserved, a subpoenaing party shall be entitled to obtain an order shortening the time for service of a subpoena duces tecum or waiving the requirements of subdivision (b) where due diligence by the subpoenaing party has been shown.

(i) Nothing contained in this section shall be construed to apply to any subpoena duces tecum which does not request the records of any particular consumer or consumers and which requires a custodian of records to delete all information which would in any way identify any consumer whose records are to be produced.

(j) This section shall not apply to proceedings conducted under Division 1 (commencing with Section 50), Division 4 (commencing with Section 3200), Division 4.5 (commencing with Section 6100), or Division 4.7 (commencing with Section 6200), of the Labor Code.

(k) Failure to comply with this section shall be sufficient basis for the witness to refuse to produce the personal records sought by a subpoena duces tecum.

(*l*) If the subpoenaing party is the consumer, and the consumer is the only subject of the subpoenaed records, notice to the consumer, and delivery of the other documents specified in subdivision (b) to the consumer, is not required under this section.

SEC. 7. Section 1985.6 of the Code of Civil Procedure is amended to read:

1985.6. (a) For purposes of this section, the following terms have the following meanings:

(1) "Deposition officer" means a person who meets the qualifications specified in paragraph (3) of subdivision (d) of Section 2020.

(2) "Employee" means any individual who is or has been employed by a witness subject to a subpoena duces tecum. "Employee" also means any individual who is or has been represented by a labor organization that is a witness subject to a subpoena duces tecum.

(3) "Employment records" means the original or any copy of books, documents, other writings, or electronic data pertaining to the employment of any employee maintained by the current or former employer of the employee, or by any labor organization that has represented or currently represents the employee.

(4) "Labor organization" has the meaning set forth in Section 1117 of the Labor Code.

(5) "Subpoenaing party" means the person or persons causing a subpoena duces tecum to be issued or served in connection with any civil action or proceeding, but does not include the state or local agencies described in Section 7465 of the Government Code, or any entity provided for under Article VI of the California Constitution in any proceeding maintained before an adjudicative body of that entity pursuant to Chapter 4 (commencing with Section 6000) of Division 3 of the Business and Professions Code.

(b) Prior to the date called for in the subpoena duces tecum of the production of employment records, the subpoenaing party shall serve or cause to be served on the employee whose records are being sought a copy of: the subpoena duces tecum; the affidavit supporting the issuance of the subpoena, if any; the notice described in subdivision (e); and proof of service as provided in paragraph (1) of subdivision (c). This service shall be made as follows:

(1) To the employee personally, or at his or her last known address, or in accordance with Chapter 5 (commencing with Section 1010) of Title 14 of Part 3, or, if he or she is a party, to his or her attorney of record. If the employee is a minor, service shall be made on the minor's parent, guardian, conservator, or similar fiduciary, or if one of them cannot be located with reasonable diligence, then service shall be made on any person having the care or control of the minor, or with whom the minor resides, and on the minor if the minor is at least 12 years of age.

(2) Not less than 10 days prior to the date for production specified in the subpoena duces tecum, plus the additional time provided by Section 1013 if service is by mail.

(3) At least five days prior to service upon the custodian of the employment records, plus the additional time provided by Section 1013 if service is by mail.

(c) Prior to the production of the records, the subpoenaing party shall either:

(1) Serve or cause to be served upon the witness a proof of personal service or of service by mail attesting to compliance with subdivision (b).

(2) Furnish the witness a written authorization to release the records signed by the employee or by his or her attorney of record. The witness may presume that the attorney purporting to sign the authorization on behalf of the employee acted with the consent of the employee, and that any objection to the release of records is waived.

(d) A subpoena duces tecum for the production of employment records shall be served in sufficient time to allow the witness a reasonable time, as provided in paragraph (1) of subdivision (d) of Section 2020, to locate and produce the records or copies thereof.

(e) Every copy of the subpoena duces tecum and affidavit served on an employee or his or her attorney in accordance with subdivision (b) shall be accompanied by a notice, in a typeface designed to call attention to the notice, indicating that (1) employment records about the employee are being sought from the witness named on the subpoena; (2) the employment records may be protected by a right of privacy; (3) if the employee objects to the witness furnishing the records to the party seeking the records, the employee shall file papers with the court prior to the date specified for production on the subpoena; and (4) if the subpoenaing party does not agree in writing to cancel or limit the subpoena, an attorney should be consulted about the employee's interest in protecting his or her rights of privacy. If a notice of taking of deposition is also served, that other notice may be set forth in a single document with the notice required by this subdivision.

(f) Any employee whose employment records are sought by a subpoena duces tecum may, prior to the date for production, bring a motion under Section 1987.1 to quash or modify the subpoena duces tecum. Notice of the bringing of that motion shall be given to the witness and the deposition officer at least five days prior to production. The failure to provide notice to the deposition officer does not invalidate the motion to quash or modify the subpoena duces tecum but may be raised by the deposition officer as an affirmative defense in any action for liability for improper release of records.

Any nonparty employee whose employment records are sought by a subpoena duces tecum may, prior to the date of production, serve on the subpoenaing party, the deposition officer, and the witness a written objection that cites the specific grounds on which production of the employment records should be prohibited.

No witness or deposition officer shall be required to produce employment records after receipt of notice that the motion has been brought by an employee, or after receipt of a written objection from a nonparty employee, except upon order of the court in which the action is pending or by agreement of the parties, witnesses, and employees affected.

The party requesting an employee's employment records may bring a motion under subdivision (c) of Section 1987 to enforce the subpoena within 20 days of service of the written objection. The motion shall be accompanied by a declaration showing a reasonable and good faith attempt at informal resolution of the dispute between the party requesting the employment records and the employee or the employee's attorney.

(g) Upon good cause shown and provided that the rights of witnesses and employees are preserved, a subpoenaing party shall be entitled to obtain an order shortening the time for service of a subpoena duces tecum or waiving the requirements of subdivision (b) where due diligence by the subpoenaing party has been shown.

(h) This section may not be construed to apply to any subpoena duces tecum that does not request the records of any particular employee or employees and that requires a custodian of records to delete all information which would in any way identify any employee whose records are to be produced.

(i) This section does not apply to proceedings conducted under Division 1 (commencing with Section 50), Division 4 (commencing with Section 3200), Division 4.5 (commencing with Section 6100), or Division 4.7 (commencing with Section 6200), of the Labor Code.

(j) Failure to comply with this section shall be sufficient basis for the witness to refuse to produce the employment records sought by subpoena duces tecum.

(k) If the subpoenaing party is the employee, and the employee is the only subject of the subpoenaed records, notice to the employee, and delivery of the other documents specified in subdivision (b) to the employee, is not required under this section.

SEC. 7.5. Section 1985.6 of the Code of Civil Procedure is amended to read:

1985.6. (a) For purposes of this section, the following terms have the following meanings:

(1) "Deposition officer" means a person who meets the qualifications specified in Section 2020.420.

(2) "Employee" means any individual who is or has been employed by a witness subject to a subpoena duces tecum. "Employee" also means any individual who is or has been represented by a labor organization that is a witness subject to a subpoena duces tecum.

(3) "Employment records" means the original or any copy of books, documents, other writings, or electronic data pertaining to the employment of any employee maintained by the current or former employer of the employee, or by any labor organization that has represented or currently represents the employee.

(4) "Labor organization" has the meaning set forth in Section 1117 of the Labor Code.

(5) "Subpoenaing party" means the person or persons causing a subpoena duces tecum to be issued or served in connection with any civil action or proceeding, but does not include the state or local agencies described in Section 7465 of the Government Code, or any entity provided for under Article VI of the California Constitution in any proceeding maintained before an adjudicative body of that entity pursuant to Chapter 4 (commencing with Section 6000) of Division 3 of the Business and Professions Code.

(b) Prior to the date called for in the subpoena duces tecum of the production of employment records, the subpoenaing party shall serve or cause to be served on the employee whose records are being sought a copy of: the subpoena duces tecum; the affidavit supporting the issuance of the subpoena, if any; the notice described in subdivision (e); and proof of service as provided in paragraph (1) of subdivision (c). This service shall be made as follows:

(1) To the employee personally, or at his or her last known address, or in accordance with Chapter 5 (commencing with Section 1010) of Title 14 of Part 2, or, if he or she is a party, to his or her attorney of record. If the employee is a minor, service shall be made on the minor's parent, guardian, conservator, or similar fiduciary, or if one of them cannot be located with reasonable diligence, then service shall be made

on any person having the care or control of the minor, or with whom the minor resides, and on the minor if the minor is at least 12 years of age.

(2) Not less than 10 days prior to the date for production specified in the subpoena duces tecum, plus the additional time provided by Section 1013 if service is by mail.

(3) At least five days prior to service upon the custodian of the employment records, plus the additional time provided by Section 1013 if service is by mail.

(c) Prior to the production of the records, the subpoenaing party shall either:

(1) Serve or cause to be served upon the witness a proof of personal service or of service by mail attesting to compliance with subdivision (b).

(2) Furnish the witness a written authorization to release the records signed by the employee or by his or her attorney of record. The witness may presume that the attorney purporting to sign the authorization on behalf of the employee acted with the consent of the employee, and that any objection to the release of records is waived.

(d) A subpoena duces tecum for the production of employment records shall be served in sufficient time to allow the witness a reasonable time, as provided in Section 2020.410, to locate and produce the records or copies thereof.

(e) Every copy of the subpoena duces tecum and affidavit served on an employee or his or her attorney in accordance with subdivision (b) shall be accompanied by a notice, in a typeface designed to call attention to the notice, indicating that (1) employment records about the employee are being sought from the witness named on the subpoena; (2) the employment records may be protected by a right of privacy; (3) if the employee objects to the witness furnishing the records to the party seeking the records, the employee shall file papers with the court prior to the date specified for production on the subpoena; and (4) if the subpoenaing party does not agree in writing to cancel or limit the subpoena, an attorney should be consulted about the employee's interest in protecting his or her rights of privacy. If a notice of taking of deposition is also served, that other notice may be set forth in a single document with the notice required by this subdivision.

(f) Any employee whose employment records are sought by a subpoena duces tecum may, prior to the date for production, bring a motion under Section 1987.1 to quash or modify the subpoena duces tecum. Notice of the bringing of that motion shall be given to the witness and the deposition officer at least five days prior to production. The failure to provide notice to the deposition officer does not invalidate the motion to quash or modify the subpoena duces tecum but may be raised

by the deposition officer as an affirmative defense in any action for liability for improper release of records.

Any nonparty employee whose employment records are sought by a subpoena duces tecum may, prior to the date of production, serve on the subpoenaing party, the deposition officer, and the witness a written objection that cites the specific grounds on which production of the employment records should be prohibited.

No witness or deposition officer shall be required to produce employment records after receipt of notice that the motion has been brought by an employee, or after receipt of a written objection from a nonparty employee, except upon order of the court in which the action is pending or by agreement of the parties, witnesses, and employees affected.

The party requesting an employee's employment records may bring a motion under subdivision (c) of Section 1987 to enforce the subpoena within 20 days of service of the written objection. The motion shall be accompanied by a declaration showing a reasonable and good faith attempt at informal resolution of the dispute between the party requesting the employment records and the employee or the employee's attorney.

(g) Upon good cause shown and provided that the rights of witnesses and employees are preserved, a subpoenaing party shall be entitled to obtain an order shortening the time for service of a subpoena duces tecum or waiving the requirements of subdivision (b) where due diligence by the subpoenaing party has been shown.

(h) This section may not be construed to apply to any subpoena duces tecum that does not request the records of any particular employee or employees and that requires a custodian of records to delete all information which would in any way identify any employee whose records are to be produced.

(i) This section does not apply to proceedings conducted under Division 1 (commencing with Section 50), Division 4 (commencing with Section 3200), Division 4.5 (commencing with Section 6100), or Division 4.7 (commencing with Section 6200), of the Labor Code.

(j) Failure to comply with this section shall be sufficient basis for the witness to refuse to produce the employment records sought by subpoena duces tecum.

(k) If the subpoenaing party is the employee, and the employee is the only subject of the subpoenaed records, notice to the employee, and delivery of the other documents specified in subdivision (b) to the employee, is not required under this section.

SEC. 8. Section 4013 of the Penal Code is amended to read:

4013. (a) A sheriff or jailer upon whom a paper in a judicial proceeding, directed to a prisoner in his or her custody, is served, shall

forthwith deliver it to the prisoner, with a note thereon of the time of its service. For a neglect to do so, he or she is liable to the prisoner for all damages occasioned thereby.

(b) Service directed to a person who is incarcerated within any institution in this state may be served by any person who may lawfully serve process.

SEC. 9. Section 7.5 of this bill incorporates amendments to Section 1985.6 of the Code of Civil Procedure proposed by both this bill and AB 333. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 1985.6 of the Code of Civil Procedure, and (3) this bill is enacted after AB 333, in which case Section 7 of this bill shall not become operative.

CHAPTER 301

An act to amend Sections 4162.5 and 4400 of the Business and Professions Code, relating to pharmacy practices.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 4162.5 of the Business and Professions Code is amended to read:

4162.5. (a) (1) An applicant for the issuance or renewal of a nonresident wholesaler license shall submit a surety bond of one hundred thousand dollars ($100,000), or other equivalent means of security acceptable to the board, such as an irrevocable letter of credit, or a deposit in a trust account or financial institution, payable to the Pharmacy Board Contingent Fund. The purpose of the surety bond is to secure payment of any administrative fine imposed by the board and any cost recovery ordered pursuant to Section 125.3.

(2) For purpose of paragraph (1), the board may accept a surety bond less than one hundred thousand dollars ($100,000) if the annual gross receipts of the previous tax year for the nonresident wholesaler is ten million dollars ($10,000,000) or less in which the surety bond shall be twenty-five thousand dollars ($25,000).

(3) For applicants who satisfy paragraph (2), the board may require a bond up to one hundred thousand dollars ($100,000) for any nonresident

wholesaler who has been disciplined by any state or federal agency or has been issued an administrative fine pursuant to this chapter.

(4) A person to whom an approved new drug application has been issued by the United States Food and Drug Administration who engages in the wholesale distribution of only the dangerous drug specified in the new drug application, and is licensed or applies for licensure as a nonresident wholesaler, shall not be required to post a surety bond as provided in this section.

(b) The board may make a claim against the bond if the licensee fails to pay a fine within 30 days of the issuance of the fine or when the costs become final.

(c) A single surety bond or other equivalent means of security acceptable to the board shall satisfy the requirement of subdivision (a) for all licensed sites under common control as defined in Section 4126.5.

(d) This section shall become operative on January 1, 2006, and shall become inoperative and is repealed on, January 1, 2011, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends those dates.

SEC. 2. Section 4400 of the Business and Professions Code, as added by Section 50 of Chapter 857 of the Statutes of 2004, is amended to read:

4400. The amount of fees and penalties prescribed by this chapter, except as otherwise provided is that fixed by the board according to the following schedule:

(a) The fee for a nongovernmental pharmacy license shall be three hundred forty dollars ($340) and may be increased to four hundred dollars ($400).

(b) The fee for a nongovernmental pharmacy annual renewal shall be one hundred seventy-five dollars ($175) and may be increased to two hundred fifty dollars ($250).

(c) The fee for the pharmacist application and examination shall be one hundred fifty-five dollars ($155) and may be increased to one hundred eighty-five dollars ($185).

(d) The fee for regrading an examination shall be seventy-five dollars ($75) and may be increased to eighty-five dollars ($85). If an error in grading is found and the applicant passes the examination, the regrading fee shall be refunded.

(e) The fee for a pharmacist license and biennial renewal shall be one hundred fifteen dollars ($115) and may be increased to one hundred fifty dollars ($150).

(f) The fee for a wholesaler license and annual renewal shall be five hundred fifty dollars ($550) and may be increased to six hundred dollars ($600), except as provided in subdivision (j).

(g) The fee for a hypodermic license and renewal shall be ninety dollars ($90) and may be increased to one hundred twenty-five dollars ($125).

(h) The fee for application and investigation for a designated representative license issued pursuant to Section 4053 shall be seventy-five dollars ($75) and may be increased to one hundred dollars ($100), except for a veterinary food-animal drug retailer designated representative, for whom the fee shall be one hundred dollars ($100).

(i) The fee for a designated representative license and annual renewal under Section 4053 shall be one hundred ten dollars ($110) and may be increased to one hundred fifty dollars ($150), except that the fee for the issuance of a veterinary food-animal drug retailer designated representative license shall be one hundred fifty dollars ($150), for renewal one hundred ten dollars ($110), which may be increased to one hundred fifty dollars ($150), and for filing a late renewal fifty-five dollars ($55).

(j) (1) The application fee for a nonresident wholesaler's license issued pursuant to Section 4161 shall be five hundred fifty dollars ($550) and may be increased to six hundred dollars ($600).

(2) For nonresident wholesalers who have 21 or more wholesaler facilities operating nationwide the application fees for the first 20 locations shall be five hundred fifty dollars ($550) and may be increased to six hundred dollars ($600). The application fee for any additional location after licensure of the first 20 locations shall be two hundred twenty-five dollars ($225) and may be increased to three hundred dollars ($300).

(3) The annual renewal fee for a nonresident wholesaler's license issued pursuant to Section 4161 shall be five hundred fifty dollars ($550) and may be increased to six hundred dollars ($600).

(k) The fee for registration and annual renewal of providers of continuing education shall be one hundred dollars ($100) and may be increased to one hundred thirty dollars ($130).

(*l*) The fee for evaluation of continuing education courses for accreditation shall be set by the board at an amount not to exceed forty dollars ($40) per course hour.

(m) The fee for evaluation of applications submitted by graduates of foreign colleges of pharmacy or colleges of pharmacy not recognized by the board shall be one hundred sixty-five dollars ($165) and may be increased to one hundred seventy-five dollars ($175).

(n) The fee for an intern license or extension shall be sixty-five dollars ($65) and may be increased to seventy-five dollars ($75). The fee for transfer of intern hours or verification of licensure to another state shall be fixed by the board not to exceed twenty dollars ($20).

(o) The board may, by regulation, provide for the waiver or refund of the additional fee for the issuance of a certificate where the certificate is issued less than 45 days before the next succeeding regular renewal date.

(p) The fee for the reissuance of any license, or renewal thereof, that has been lost or destroyed or reissued due to a name change is thirty dollars ($30).

(q) The fee for the reissuance of any license, or renewal thereof, that must be reissued because of a change in the information, is sixty dollars ($60) and may be increased to one hundred dollars ($100).

(r) It is the intent of the Legislature that, in setting fees pursuant to this section, the board shall seek to maintain a reserve in the Pharmacy Board Contingent Fund equal to approximately one year's operating expenditures.

(s) The fee for any applicant for a clinic permit is three hundred forty dollars ($340) and may be increased to four hundred dollars ($400) for each permit. The annual fee for renewal of the permit is one hundred seventy-five dollars ($175) and may be increased to two hundred fifty dollars ($250) for each permit.

(t) The board shall charge a fee for the processing and issuance of a registration to a pharmacy technician and a separate fee for the biennial renewal of the registration. The registration fee shall be twenty-five dollars ($25) and may be increased to fifty dollars ($50). The biennial renewal fee shall be twenty-five dollars ($25) and may be increased to fifty dollars ($50).

(u) The fee for a veterinary food-animal drug retailer license shall be four hundred dollars ($400). The annual renewal fee for a veterinary food-animal drug retailer shall be two hundred fifty dollars ($250).

(v) The fee for issuance of a retired license pursuant to Section 4200.5 shall be thirty dollars ($30).

(w) This section shall become operative on January 1, 2006.

CHAPTER 302

An act to amend Section 3041.5 of the Family Code, and to amend Sections 2341 and 2854 of the Probate Code, relating to guardians.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 3041.5 of the Family Code is amended to read:

3041.5. (a) In any custody or visitation proceeding brought under this part, as described in Section 3021, or any guardianship proceeding brought under the Probate Code, the court may order any person who is seeking custody of, or visitation with, a child who is the subject of the proceeding to undergo testing for the illegal use of controlled substances and the use of alcohol if there is a judicial determination based upon a preponderance of evidence that there is the habitual, frequent, or continual illegal use of controlled substances or the habitual or continual abuse of alcohol by the parent, legal custodian, person seeking guardianship, or person seeking visitation in a guardianship. This evidence may include, but may not be limited to, a conviction within the last five years for the illegal use or possession of a controlled substance. The court shall order the least intrusive method of testing for the illegal use of controlled substances or the habitual or continual abuse of alcohol by either or both parents, the legal custodian, person seeking guardianship, or person seeking visitation in a guardianship. If substance abuse testing is ordered by the court, the testing shall be performed in conformance with procedures and standards established by the United States Department of Health and Human Services for drug testing of federal employees. The parent, legal custodian, person seeking guardianship, or person seeking visitation in a guardianship who has undergone drug testing shall have the right to a hearing, if requested, to challenge a positive test result. A positive test result, even if challenged and upheld, shall not, by itself, constitute grounds for an adverse custody or guardianship decision. Determining the best interests of the child requires weighing all relevant factors. The court shall also consider any reports provided to the court pursuant to the Probate Code. The results of this testing shall be confidential, shall be maintained as a sealed record in the court file, and may not be released to any person except the court, the parties, their attorneys, the Judicial Council (until completion of its authorized study of the testing process) and any person to whom the court expressly grants access by written order made with prior notice to all parties. Any person who has access to the test results may not disseminate copies or disclose information about the test results to any person other than a person who is authorized to receive the test results pursuant to this section. Any breach of the confidentiality of the test results shall be punishable by civil sanctions not to exceed two thousand five hundred dollars ($2,500). The results of the testing may not be used for any purpose, including any criminal, civil, or administrative proceeding, except to assist the court in determining, for purposes of the proceeding, the best interest of

the child pursuant to Section 3011, and the content of the order or judgment determining custody or visitation. The court may order either party, or both parties, to pay the costs of the drug or alcohol testing ordered pursuant to this section. As used in this section, "controlled substances" has the same meaning as defined in the California Uniform Controlled Substances Act, Division 10 (commencing with Section 11000) of the Health and Safety Code.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 2. Section 2341 of the Probate Code is amended to read:

2341. (a) As used in this article, "private professional conservator" means a person or entity appointed as conservator of the person or estate, or both, of two or more conservatees at the same time who are not related to the conservator by blood or marriage, except a bank or other entity authorized to conduct the business of a trust company, or any public officer or public agency including the public guardian, public conservator, or other agency of the State of California. In the case of an entity, all natural persons who are authorized by the entity to perform the functions of a conservator shall comply with this article. The court may, at its discretion, require any person who is the conservator for only one conservatee not related to the conservator by blood or marriage to comply with this article, and in that case, references in this article to a "private professional conservator" include those persons.

(b) As used in this article, "private professional guardian" means a person or entity appointed as guardian of the estate of two or more wards at the same time who are not related to the guardian by blood or marriage, except a bank or other entity authorized to conduct the business of a trust company, or any public officer or public agency including the public guardian, public conservator, or other agency of the State of California. In the case of an entity, all natural persons who are authorized by the entity to perform the functions of a guardian shall comply with this article. The court may, at its discretion, require any person who is the guardian for only one ward not related to the guardian by blood or marriage to comply with this article, and in that case, references in this article to a "private professional guardian" include those persons. The court may also, at its discretion, require any person who is a guardian of the person not related to the ward by blood or marriage and who receives compensation for acting as guardian of the person to comply with this article, and in that case, references in this article to a "private professional guardian" include those persons. However, as used in this article, "private professional guardian" does not include an unrelated guardian of the person of a minor appointed by the court, if the

appointment results from the selection of a permanency plan for a dependent child or ward pursuant to Section 366.26 of the Welfare and Institutions Code. It also does not include an unrelated guardian of the person of a minor appointed by the court pursuant to Section 1514 if that child is in receipt of AFDC-FC payments and case management services from the county welfare department, as evidenced by a Notice of Action of AFDC-FC eligibility.

(c) As used in this article, "private professional trustee" means a nonprofit charitable corporation appointed as trustee pursuant to Section 15604.

SEC. 3. Section 2854 of the Probate Code is amended to read:

2854. (a) This chapter does not apply to any public conservator or public guardian with regard to his or her official acts in that capacity.

(b) This chapter does not apply to any conservator, guardian, or trustee when the person is related to the conservatee, ward, or trustor by blood, marriage, adoption, registered domestic partnership, or a relationship that satisfies the requirements of subdivision (a) and paragraphs (1) to (4), inclusive, and paragraph (6) of subdivision (b) of Section 297 of the Family Code.

(c) This chapter does not apply to any trustee who is serving for the benefit of not more than three people or not more than three families, or a combination of people or families that does not total more than three. The number of trust beneficiaries does not count for the purposes of calculating if a trustee falls within this exclusion. A trust excluded under subdivision (a) or (b) does not count for the purpose of calculating if a trustee falls within this exclusion. For the purposes of this subdivision, family means people who are related by blood, marriage, adoption, registered domestic partnership, or a relationship that satisfies the requirements of subdivision (a) and paragraphs (1) to (4), inclusive, and paragraph (6) of subdivision (b) of Section 297 of the Family Code.

(d) This chapter does not apply to any conservator or guardian who is not required to file information with the clerk of the court pursuant to Section 2340, to any person or entity subject to the oversight of a local government, including an employee of a city, county, or city and county, or to any person or entity subject to the oversight of the state or federal government, including an attorney licensed to practice law in the State of California who acts as trustee of only attorney client trust accounts, as defined in Section 6211 of the Business and Professions Code.

(e) This chapter does not apply to any conservator who resided in the same home with the conservatee immediately prior to the condition or event that gave rise to the necessity of a conservatorship. This subdivision does not create any order or preference of appointment, but simply exempts a conservator described by this subdivision from registration.

(f) This chapter does not apply to a trustee who is any of the following:

(1) Trust companies, as defined in Section 83.

(2) FDIC-insured institutions, their holding companies, subsidiaries, or affiliates. For the purposes of this paragraph, "affiliate" means any entity that shares an ownership interest with or that is under the common control of, the FDIC-insured institution.

(3) Employees of any entity listed in paragraph (1) or (2) while serving as trustees in the scope of their duties.

CHAPTER 303

An act to add Article 3 (commencing with Section 2635) to Chapter 3 of Title 1 of Part 3 of the Penal Code, relating to correctional institutions.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. This act shall be known and may be cited as the Sexual Abuse in Detention Elimination Act.

SEC. 2. The Legislature hereby finds and declares that the purposes of the Sexual Abuse in Detention Elimination Act include, but are not limited to, all of the following:

(a) To protect all inmates and wards from sexual abuse while held in institutions operated by the Department of Corrections and Rehabilitation.

(b) To make the prevention of sexual abuse in detention a top priority in all state detention institutions.

(c) To ensure that the Department of Corrections and Rehabilitation develop and implement protocols and procedures designed to effectively respond to sexual abuse in detention while protecting the safety of victims.

(d) To ensure that data collection concerning sexual abuse across all institutions is accurate and accessible to the public.

(e) To increase the accountability of the Department of Corrections and Rehabilitation to prevent, reduce, and respond to sexual abuse in detention.

(f) To protect the 8th amendment right of inmates and wards to be free from cruel and unusual punishment as guaranteed by the United States Constitution.

(g) To protect the right of inmates and wards to be free from cruel and unusual punishment as guaranteed by Section 24 of Article 1 of the California Constitution.

(h) To establish an Office of the Sexual Abuse in Detention Elimination Ombudsperson to monitor the prevention of and response to sexual abuse that occurs in the Department of Corrections and Rehabilitation institutions.

(i) To increase the efficiency of state expenditure on corrections, correctional physical and mental health care, substance abuse reduction, HIV/AIDS prevention, violence prevention, and reentry programs for inmates and wards.

(j) To ensure compliance with the federal Prison Rape Elimination Act of 2003, Public Law 108-79.

SEC. 3. Article 3 (commencing with Section 2635) is added to Chapter 3 of Title 1 of Part 3 of the Penal Code, to read:

Article 3. Sexual Abuse in Detention

2635.

2635. The Department of Corrections and Rehabilitation shall review informational handbooks regarding sexual abuse in detention published by outside organizations. Upon approving the content thereof, handbooks provided by one or more outside organizations shall be made available to inmates and wards.

2636. For the purposes of this section, all references to classification of wards shall take effect upon the adoption of a classification system for wards developed by the Department of Corrections and Rehabilitation in compliance with Farrell v. Allen, Alameda County Superior Court Case No. RG 03079344.

The following practices shall be instituted to prevent sexual violence and promote inmate and ward safety in the Department of Corrections and Rehabilitation:

(a) The Department of Corrections and Rehabilitation inmate classification and housing assignment procedures shall take into account risk factors that can lead to inmates and wards becoming the target of sexual victimization or of being sexually aggressive toward others. Relevant considerations include:

(1) Age of the inmate or ward.

(2) Whether the offender is a violent or nonviolent offender.

(3) Whether the inmate or ward has served a prior term of commitment.

(4) Whether the inmate or ward has a history of mental illness.

(b) The Department of Corrections and Rehabilitation shall ensure that staff members intervene when an inmate or ward appears to be the target of sexual harassment or intimidation.

2637. The Department of Corrections and Rehabilitation shall ensure that its protocols for responding to sexual abuse include all of the following:

(a) The safety of an inmate or ward who alleges that he or she has been the victim of sexual abuse shall be immediately and discreetly ensured. Staff shall provide the safest possible housing options to inmates and wards who have experienced repeated abuse. Housing options may include discreet institution transfers.

(b) Inmates and wards who file complaints of sexual abuse shall not be punished, either directly or indirectly, for doing so. If a person is segregated for his or her own protection, segregation must be nondisciplinary.

(c) Any person who knowingly or willfully submits inaccurate or untruthful information in regards to sexual abuse is punishable pursuant to department regulations.

(d) Under no circumstances is it appropriate to suggest that an inmate should fight to avoid sexual violence or to suggest that the reported sexual abuse is not significant enough to be addressed by staff.

(e) Staff shall not discriminate in their response to inmates and wards who are gay, bisexual, or transgender who experience sexual aggression, or report that they have experienced sexual abuse.

(f) Retaliation against an inmate or ward for making an allegation of sexual abuse shall be strictly prohibited.

2638. Thoughtful, confidential standards of physical and mental health care shall be implemented to reduce the impact of sexual abuse on inmates and wards in the Department of Corrections and Rehabilitation that include all of the following:

(a) Victims shall receive appropriate acute-trauma care for rape victims, including, but not limited to, treatment of injuries, HIV/AIDS prophylactic measures, and, later, testing for sexually transmittable diseases.

(b) Health practitioners who conduct or encounter an inmate or ward suffering from problems that might indicate sexual abuse, such as trauma, sexually transmissible diseases, pregnancy, or chronic pain symptoms, shall ask whether the patient has experienced sexual abuse.

(c) Practitioners should strive to ask frank, straightforward questions about sexual incidents without shaming inmates or displaying embarrassment about the subject matter.

(d) Confidential mental health counseling intended to help the victim to cope with the aftermath of abuse shall be offered to those who report

sexual abuse. Victims shall be monitored for suicidal impulses, posttraumatic stress disorder, depression, and other mental health consequences.

(e) Any adult inmate in mental health counseling for any reason shall be entitled to speak confidentially about sexual abuse.

2639. The Department of Corrections and Rehabilitation shall ensure that the following procedures are performed in the investigation and prosecution of sexual abuse incidents:

(a) The provision of safe housing options, medical care, and the like shall not be contingent upon the victim's willingness to press charges.

(b) Investigations into allegations of sexual abuse shall include, when deemed appropriate by the investigating agency, the use of forensic rape kits, questioning of suspects and witnesses, and gathering of other relevant evidence.

(c) Physical and testimonial evidence shall be carefully preserved for use in any future proceedings.

(d) Staff attitudes that inmates and wards cannot provide reliable information shall be discouraged.

(e) If an investigation confirms that any employee has sexually abused an inmate or ward, that employee shall be terminated. Administrators shall report criminal sexual abuse by staff to law enforcement authorities.

(f) Consensual sodomy and oral copulation among inmates is prohibited by subdivision (e) of Section 286 and subdivision (e) of Section 288a, respectively. Without repealing those provisions, the increased scrutiny provided by this article shall apply only to nonconsensual sexual contact among inmates and custodial sexual misconduct.

2640. The Department of Corrections and Rehabilitation shall collect data as follows:

(a) The Department of Corrections and Rehabilitation shall keep statistics on the sexual abuse of inmates and wards. Sexual abuse incidents shall not be classified as "other" nor simply included in a broader category of general assaults.

(b) Statistics shall include whether the abuse was perpetrated by a staff member or other inmate, the results of the investigation and any resolution of the complaint by department officials and prosecution authorities.

The data shall be made available to the Office of the Sexual Abuse in Detention Elimination Ombudsperson.

2641. (a) The Office of the Sexual Abuse in Detention Elimination Ombudsperson is hereby created in state government to ensure the impartial resolution of inmate and ward sexual abuse complaints. The office shall be based within the Office of the Inspector General. The

duties of this office may be contracted to outside nongovernmental experts.

(b) The ombudsperson shall have the authority to inspect all of the Department of Corrections and Rehabilitation institutions and to interview all inmates and wards.

(c) The Department of Corrections and Rehabilitation shall allow all inmates and wards to write confidential letters regarding sexual abuse to the ombudsperson.

(d) Information about how to confidentially contact the ombudsperson shall be clearly posted in all of the Department of Corrections and Rehabilitation institutions.

(e) The Office of the Inspector General shall investigate reports of the mishandling of incidents of sexual abuse, while maintaining the confidentiality of the victims of sexual abuse, if requested by the victim.

2642. The Department of Corrections and Rehabilitation shall:

Develop guidelines for allowing outside organizations and service agencies to offer resources to inmates and wards, including, but not limited to, the following:

(1) Rape crisis agencies.
(2) Hospitals.
(3) Gay rights organizations.
(4) HIV/AIDS service providers.
(5) Civil rights organizations.
(6) Human rights organizations.

2643. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

CHAPTER 304

An act to amend Section 2234.1 of the Business and Professions Code, relating to healing arts.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 2234.1 of the Business and Professions Code is amended to read:

2234.1. (a) A physician and surgeon shall not be subject to discipline pursuant to subdivision (b), (c), or (d) of Section 2234 solely on the basis that the treatment or advice he or she rendered to a patient is alternative or complementary medicine, including the treatment of persistent Lyme Disease, if that treatment or advice meets all of the following requirements:

(1) It is provided after informed consent and a good-faith prior examination of the patient, and medical indication exists for the treatment or advice, or it is provided for health or well-being.

(2) It is provided after the physician and surgeon has given the patient information concerning conventional treatment and describing the education, experience, and credentials of the physician and surgeon related to the alternative or complementary medicine that he or she practices.

(3) In the case of alternative or complementary medicine it does not cause a delay in, or discourage traditional diagnosis of, a condition of the patient.

(4) It does not cause death or serious bodily injury to the patient.

(b) For purposes of this section, "alternative or complementary medicine," means those health care methods of diagnosis, treatment, or healing that are not generally used but that provide a reasonable potential for therapeutic gain in a patient's medical condition that is not outweighed by the risk of the health care method.

(c) Since the National Institute of Medicine has reported that it can take up to 17 years for a new best practice to reach the average physician and surgeon, it is prudent to give attention to new developments not only in general medical care but in the actual treatment of specific diseases, particularly those that are not yet broadly recognized in California.

CHAPTER 305

An act to amend Sections 1335, 1336, 1337, and 1341 of the Penal Code, relating to criminal proceedings.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 1335 of the Penal Code is amended to read:

1335. (a) When a defendant has been charged with a public offense triable in any court, he or she in all cases, and the people in cases other

than those for which the punishment may be death, may, if the defendant has been fully informed of his or her right to counsel as provided by law, have witnesses examined conditionally in his or her or their behalf, as prescribed in this chapter.

(b) When a defendant has been charged with a serious felony, the people or the defendant may, if the defendant has been fully informed of his or her right to counsel as provided by law, have a witness examined conditionally as prescribed in this chapter, if there is evidence that the life of the witness is in jeopardy.

(c) As used in this section, "serious felony" means any of the felonies listed in subdivision (c) of Section 1192.7 or any violation of Section 11351, 11352, 11378, or 11379 of the Health and Safety Code.

SEC. 2. Section 1336 of the Penal Code is amended to read:

1336. (a) When a material witness for the defendant, or for the people, is about to leave the state, or is so sick or infirm as to afford reasonable grounds for apprehension that he or she will be unable to attend the trial, or is a person 65 years of age or older, or a dependent adult, the defendant or the people may apply for an order that the witness be examined conditionally.

(b) When there is evidence that the life of a witness is in jeopardy, the defendant or the people may apply for an order that the witness be examined conditionally.

(c) As used in this section, "dependent adult" means any person who is between the ages of 18 and 65, 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 65, who is admitted as an inpatient to a 24-hour facility, as defined in Sections 1250, 1250.2, and 1250.3 of the Health and Safety Code.

SEC. 3. Section 1337 of the Penal Code is amended to read:

1337. The application shall be made upon affidavit stating all of the following:

(1) The nature of the offense charged.

(2) The state of the proceedings in the action.

(3) The name and residence of the witness, and that his or her testimony is material to the defense or the prosecution of the action.

(4) That the witness is about to leave the state, or is so sick or infirm as to afford reasonable grounds for apprehending that he or she will not be able to attend the trial, or is a person 65 years of age or older, or a dependent adult, or that the life of the witness is in jeopardy.

SEC. 4. Section 1341 of the Penal Code is amended to read:

1341. If, at the time and place so designated, it is shown to the satisfaction of the magistrate that the witness is not about to leave the state, or is not sick or infirm, or is not a person 65 years of age or older, or a dependent adult, or that the life of the witness is not in jeopardy, or that the application was made to avoid the examination of the witness at the trial, the examination cannot take place.

CHAPTER 306

An act to amend Section 5009 of the Penal Code, relating to parolees.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 5009 of the Penal Code is amended to read:

5009. (a) It is the intention of the Legislature that all prisoners shall be afforded reasonable opportunities to exercise religious freedom.

(b) (1) Except in extraordinary circumstances, upon the transfer of an inmate to another state prison institution, any member of the clergy or spiritual adviser who has been previously authorized by the Department of Corrections to visit that inmate shall be granted visitation privileges at the institution to which the inmate is transferred within 72 hours of the transfer.

(2) Visitations by members of the clergy or spiritual advisers shall be subject to the same rules, regulations, and policies relating to general visitations applicable at the institution to which the inmate is transferred.

(3) A departmental or volunteer chaplain who has ministered to or advised an inmate incarcerated in state prison may, voluntarily and without compensation, continue to minister to or advise the inmate while he or she is on parole, provided that the departmental or volunteer chaplain so notifies the warden and the parolee's parole agent in writing.

(c) Nothing in this section limits the department's ability to prohibit a departmental chaplain from ministering to a parolee, or to exclude a volunteer chaplain from department facilities, if either is found to be in violation of any law or regulation and that violation would ordinarily be grounds for adverse action or denial of access to a facility or person under the department's custody.

CHAPTER 307

An act to amend Section 19.8 of, and to add Section 652 to, the Penal Code, relating to body piercing.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 19.8 of the Penal Code is amended to read:

19.8. The following offenses are subject to subdivision (d) of Section 17: Sections 193.8, 330, 415, 485, 555, 652, and 853.7 of this code; subdivision (m) of Section 602 of this code; subdivision (b) of Section 25658 and Sections 21672, 25658.5, 25661, and 25662 of the Business and Professions Code; Section 27204 of the Government Code; subdivision (c) of Section 23109 and Sections 12500, 14601.1, 27150.1, 40508, and 42005 of the Vehicle Code, and any other offense which the Legislature makes subject to subdivision (d) of Section 17. Except where a lesser maximum fine is expressly provided for a violation of any of those sections, any violation which is an infraction is punishable by a fine not exceeding two hundred fifty dollars ($250).

Except for the violations enumerated in subdivision (d) of Section 13202.5 of the Vehicle Code, and Section 14601.1 of the Vehicle Code based upon failure to appear, a conviction for any offense made an infraction under subdivision (d) of Section 17 is not grounds for the suspension, revocation, or denial of any license, or for the revocation of probation or parole of the person convicted.

This section shall become operative on January 1, 2005.

SEC. 2. Section 652 is added to the Penal Code, to read:

652. (a) It shall be an infraction for any person to perform or offer to perform body piercing upon a person under the age of 18 years, unless the body piercing is performed in the presence of, or as directed by a notarized writing by, the person's parent or guardian.

(b) This section does not apply to the body piercing of an emancipated minor.

(c) As used in this section, "body piercing" means the creation of an opening in the body of a human being for the purpose of inserting jewelry or other decoration, including, but not limited to, the piercing of a, lip, tongue, nose, or eyebrow. "Body piercing" does not include the piercing of an ear.

(d) Neither the minor upon whom the body piercing was performed, nor the parent or guardian of that minor, nor any other minor is liable for punishment under this section.

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

CHAPTER 308

An act to amend Section 6487.06 of, and to add and repeal Section 18511 of, the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

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

(1) California has not collected over $1.35 billion in use tax revenue that is legally owed to this state.

(2) Of this total amount of uncollected use tax revenue, approximately $500 million is attributable to business-to-consumer transactions and the remainder is attributable to business-to-business transactions.

(3) If California is able to collect those outstanding use taxes that are owed to this state, the Legislature will be able to, among other things, provide quality education to California's children, affordable health care to California's residents, repair California's aging infrastructure, and plan for California's future.

(b) It is the intent of the Legislature to inform taxpayers of their obligation to report and pay use taxes on their purchases, and to encourage taxpayers to come forward to report and pay their use tax liability that is currently owed to this state.

SEC. 2. Section 6487.06 of the Revenue and Taxation Code is amended to read:

6487.06. (a) Notwithstanding Section 6487, the period during which a deficiency determination may be mailed to a qualifying purchaser is limited to the three-year period beginning after the last day of the calendar

month following the quarterly period for which the amount is proposed to be determined.

(b) For purposes of this section, a "qualifying purchaser" is a person that voluntarily files an Individual Use Tax Return for tangible personal property that is purchased from a retailer outside of this state for storage, use, or other consumption in this state, and that meets all of the following conditions:

(1) The purchaser resides or is located within this state and has not previously done either of the following:

(A) Registered with the State Board of Equalization.

(B) Filed an Individual Use Tax Return with the State Board of Equalization.

(2) The purchaser is not engaged in business in this state as a retailer, as defined in Section 6015.

(3) The purchaser has not been contacted by the State Board of Equalization regarding failure to report the use tax imposed by Section 6202.

(4) The State Board of Equalization has made a determination that the purchaser's failure to file an Individual Use Tax Return or to otherwise report, or pay the use tax imposed by Section 6202 was due to reasonable cause and was not caused by reason of negligence, intentional disregard of the law, or by an intent to evade the taxes imposed by this part.

(c) If the State Board of Equalization makes a determination that the purchaser's failure to timely report or remit the taxes imposed by this part is due to reasonable cause or due to circumstances beyond the purchaser's control, the purchaser may be relieved of any penalties imposed by this part. Any purchaser seeking relief from penalties imposed by this part shall file a statement, signed under penalty of perjury, setting forth the facts that form the basis for the claim for relief.

(d) This section shall not apply to purchases of vehicles, vessels, or aircraft as defined in Article 1 (commencing with Section 6271) of Chapter 3.5 of this part.

(e) The State Board of Equalization shall submit to the Legislature before January 1, 2008, a report that includes the following information:

(1) The number of qualifying purchasers who received the benefits afforded by this section.

(2) The amount of use tax revenue received by the state from the qualifying purchasers described in paragraph (1).

(3) Recommendations for modifying, eliminating, or continuing the operation of, any or all of the provisions of this section.

(f) This section shall remain in effect only until January 1, 2008, and as of that date is repealed.

SEC. 3. Section 18511 is added to the Revenue and Taxation Code, to read:

18511. (a) The Franchise Tax Board shall revise information accompanying the returns required to be filed pursuant to this article, Article 2 (commencing with Section 18601), Section 18633, Section 18633.5, and Article 3 (commencing with Section 23771) of Chapter 4 of Part 11 to include information that informs taxpayers of their obligation to report and pay use taxes on their purchases of tangible personal property that are subject to the use tax imposed pursuant to Chapter 3 (commencing with Section 6201) of Part 7 and the benefit of paying the use taxes prior to the expiration of Section 6487.06.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed.

CHAPTER 309

An act to amend Section 65460.7 of, and to add Section 65460.11 to, the Government Code, relating to transit village plans.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 65460.7 of the Government Code is amended to read:

65460.7. (a) A transit village plan shall be prepared, adopted, and amended in the same manner as a general plan, except for plans qualified as transit village plans pursuant to Section 65460.11.

(b) A transit village plan may be repealed in the same manner as it is required to be amended.

SEC. 2. Section 65460.11 is added to the Government Code, to read:

65460.11. Any portion of a specific plan or redevelopment plan adopted prior to January 1, 2006, that conforms to the requirements set forth in Section 65460.2, as amended by Chapter 42 of the Statutes of 2004, may be declared a transit village plan by a city, county, or city and county if that entity does both of the following:

(a) After publishing a notice pursuant to Section 6061, in at least one newspaper of general circulation within the entity's jurisdiction at least 10 days prior to the public meeting, makes findings and declarations demonstrating the conformity of the existing plan to Section 65460.2, as amended by Chapter 42 of the Statutes of 2004. The notice shall state

the entity's intent to declare a portion of the existing plan as a transit village plan, describe the general location of the proposed transit village plan, and state the date, time, and place of the public meeting.

(b) Takes action prior to December 31, 2006, to declare that the conforming plan constitutes its transit village plan.

CHAPTER 310

An act to add Article 4 (commencing with Section 89570) to Chapter 5 of Part 55 of the Education Code, relating to the California State University.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Article 4 (commencing with Section 89570) is added to Chapter 5 of Part 55 of the Education Code, to read:

Article 4. Investigation of Reported Improper Governmental Activities

89570. This article shall be known and may be referred to as the California State University Investigation of Reported Improper Governmental Activities Act.

89571. It is the intent of the Legislature that employees of, and applicants for employment at, the California State University should be free to report improper governmental activities and significant threats to health or safety and that their identities and the privacy rights of those affected by investigations of the protected disclosures be properly safeguarded.

89572. For the purposes of this article:

(a) "Applicant for employment" means an individual who has completed and submitted an application form for a specific, available position at a campus of the California State University or at the Office of the Chancellor of the California State University.

(b) "Complainant" means an employee or applicant for employment who files a report and makes a protected disclosure in accordance with established procedures of the California State University.

(c) "Employee" means any person employed by the California State University.

(d) "Improper governmental activity" has the same meaning as set forth in subdivision (b) of Section 8547.2 of the Government Code.

(e) "Protected disclosure" means any good faith communication, as defined by subdivision (d) of Section 8547.2 of the Government Code, that is made in accordance with established procedures of the California State University.

89573. (a) Upon receiving a protected disclosure in writing, the administrator designated in accordance with established procedures of the California State University shall acknowledge receipt of the written disclosure to the complainant. The administrator may conduct or cause to be conducted an investigative audit of the matter, and determine what action, if any, is necessary.

(b) The administrator shall issue a formal response to the complainant that contains a summary of the allegations, a summary of the investigation, whether the allegations were substantiated, and what actions, if any, were taken in response to the complaint. This response shall be issued in a timely fashion and in a manner that is consistent with the privacy interests of each person who is involved in the situation addressed by the response. This response shall be subject to disclosure in accordance with Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

(c) The identity of the person providing the protected disclosure shall not be disclosed without the written permission of that person unless the disclosure is to a law enforcement agency that is conducting a criminal investigation or to the State Auditor.

89574. (a) Notwithstanding Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code, every investigative audit undertaken under this article shall be kept confidential, except that the California State University may issue any report of an investigation that has substantiated an allegation made by the complainant, keeping confidential the identity of the individual or individuals involved, or release any findings resulting from an investigation conducted pursuant to Section 89045 that the trustees deem necessary to serve the interests of the state.

(b) This article shall not be construed to limit any authority conferred by law upon the Attorney General or any other department or agency of government to investigate any matter.

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

(a) Section 1 of this act, which adds Article 4 (commencing with Section 89570) to Chapter 5 of Part 55 of the Education Code, imposes a limitation on the public's right of access to the writings of public officials and a public agency within the meaning of Section 3 of Article I of the California Constitution. Pursuant to paragraph (2) of subdivision

(b) of Section 3 of Article I of the California Constitution, the Legislature makes the findings set forth in subdivisions (b) and (c) of this section in order to demonstrate the privacy interest protected by this limitation and the need for protecting that privacy interest.

(b) The Legislature has endeavored to protect the privacy interests of individuals who have provided protected disclosures of alleged improper governmental activities as well as the privacy interests of those affected by investigative audits of alleged improper governmental activities with prior legislation such as Section 8547.2 of, and subdivision (c) of Section 8547.7 of, the Government Code. Section 1 of this act will provide the same protections as that prior legislation.

(c) In order to protect the identities and other privacy interests of those who make protected disclosures and those affected by the investigations, this information should be kept confidential, while providing summaries of allegations and investigations that are undertaken.

CHAPTER 311

An act to amend Sections 518, 523, 525, and 526 of the Harbors and Navigation Code, relating to vessels.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 518 of the Harbors and Navigation Code is amended to read:

518. If, within 60 days after saving wrecked property, no claimant of the property appears, or, if within 60 days after a claim, the salvage and expenses are not paid, or a suit for the recovery of the property is not commenced, the officer who has custody of the property may sell it at public auction and transmit the proceeds of the sale, after deducting salvage, storage, property tax liens, other liens, and other expenses, to the Treasurer for deposit in the General Fund. Deduction of salvage, storage, and other expenses shall not be made, unless the amount has been determined by the superior court of the county. A copy of the order, and the evidence in its support, shall be transmitted by the judge to the Controller.

SEC. 2. Section 523 of the Harbors and Navigation Code is amended to read:

523. (a) Any peace officer, as described in Section 663, any employee or officer of the State Lands Commission designated by the State Lands Commission, or any lifeguard or marine safety officer employed by a county, city, or district while engaged in the performance of official duties, may remove, and, if necessary, store a vessel removed from a public waterway under any of the following circumstances:

(1) When the vessel is left unattended and is moored, docked, beached, or made fast to land in a position that obstructs the normal movement of traffic or in a condition that creates a hazard to other vessels using the waterway, to public safety, or to the property of another.

(2) When the vessel is found upon a waterway and a report has previously been made that the vessel has been stolen or a complaint has been filed and a warrant thereon issued charging that the vessel has been embezzled.

(3) When the person or persons in charge of the vessel are by reason of physical injuries or illness incapacitated to an extent as to be unable to provide for its custody or removal.

(4) When an officer arrests any person operating or in control of the vessel for an alleged offense, and the officer is, by any provision of this code or other statute, required or permitted to take, and does take, the person arrested before a magistrate without unnecessary delay.

(5) When the vessel interferes with, or otherwise poses a danger to, navigation or to the public health, safety, or welfare.

(6) When the vessel poses a threat to adjacent wetlands, levies, sensitive habitat, any protected wildlife species, or water quality.

(7) When a vessel is found or operated upon a waterway with a registration expiration date in excess of one year before the date on which it is found or operated on the waterway.

(b) Costs incurred by a public entity pursuant to removal of vessels under subdivision (a) may be recovered through appropriate action in the courts of this state.

SEC. 3. Section 525 of the Harbors and Navigation Code is amended to read:

525. (a) Except for urgent and immediate concern for the safety of those aboard a vessel, no person shall abandon a vessel upon a public waterway or public or private property without the express or implied consent of the owner or person in lawful possession or control of the property.

(b) The abandonment of any vessel in a manner as provided in subdivision (a) is prima facie evidence that the last registered owner of record, not having notified the appropriate registration or documenting agency of any relinquishment of title or interest therein, is responsible

for the abandonment and is thereby liable for the cost of removal and disposition of the vessel.

(c) Violation of this section is an infraction and shall be punished by a fine of not less than five hundred dollars ($500), nor more than three thousand dollars ($3,000). In addition, the court may order the defendant to pay to the agency that removes and disposes of the vessel the actual costs incurred by the agency for that removal and disposition.

(d) All fines imposed and collected pursuant to this section shall be allocated as follows:

(1) (A) Eighty percent of the moneys shall be deposited in the Abandoned Watercraft Abatement Fund, which is hereby created as a special fund. Moneys in the fund shall be used exclusively, upon appropriation by the Legislature, for grants to be awarded by the department to local agencies for the abatement, removal, storage, and disposal as public nuisances of any abandoned, wrecked, or dismantled vessels, or parts thereof, or any other partially submerged objects which pose a substantial hazard to navigation, from navigable waterways or adjacent public property, or private property with the landowner's consent. These grants shall not be utilized for abatement, removal, storage, or disposal of commercial vessels.

(B) In evaluating a grant request submitted by a local agency pursuant to subparagraph (A), the department shall place great weight on the following two factors:

(i) The existence of an active local enforcement program to control and prevent the abandonment of watercraft within the local agency's jurisdiction.

(ii) The existence of a submerged navigational hazard abatement plan at the local level which provides for the control or abatement of water hazards, including, but not limited to, abandoned watercraft, wrecked watercraft, hazardous floating debris, submerged vessels and objects, and abandoned piers and pilings.

(C) A grant awarded by the department pursuant to subparagraph (A) shall be matched by a 10-percent contribution from the local agency receiving the grant.

(2) Twenty percent shall be allocated as set forth in Section 1463.001 of the Penal Code.

SEC. 4. Section 526 of the Harbors and Navigation Code is amended to read:

526. (a) Notwithstanding any other provision of law, any wrecked property that is an unseaworthy derelict or hulk, or abandoned property as described in Section 522, or property removed from a navigable waterway pursuant to Section 523 or 524 that is an unseaworthy derelict or hulk, may be sold or otherwise disposed of by the public agency that

removed or caused the removal of the property pursuant to this section, subject to the following conditions:

(1) The property has been appraised by disinterested persons, and has an estimated value of less than two thousand dollars ($2,000).

(2) There is no discernable registration, license, hull identification number, or other identifying insignia on the property, or the Department of Motor Vehicles is unable to produce any record of the registered or legal owners or lienholders.

(3) Not less than 72 hours before the property was removed, the peace officer or authorized public employee securely attached to the property a distinctive notice stating that the property would be removed by the public agency.

(4) Within 48 hours after the removal, excluding weekends and holidays, the public agency that removed or caused the removal of the property sent notice of the removal to the registered and legal owners, if known or discovered subsequent to the removal, at their addresses of record with the Department of Motor Vehicles, and to any other person known to have an interest in the property. A notice sent by the public agency shall be sent by certified or first-class mail.

(5) If the public agency is unable to locate the registered and legal owners of the property or persons known to have an interest in the property as provided in paragraph (4), the public agency published, or caused to be published, the notice of removal for at least two weeks in succession in one or more daily newspapers circulated in the county.

(b) The notice of removal required by paragraphs (3) to (5), inclusive, of subdivision (a) shall state all of the following:

(1) The name, address, and telephone number of the public agency providing the notice.

(2) A description of the property removed.

(3) The location from which the property is to be or was removed.

(4) The location of the intended or actual place of storage.

(5) The authority and purpose for removal of the property.

(6) A statement that the property may be claimed and recovered within 15 days of the date the notice of removal was issued pursuant to paragraph (4) or (5) of subdivision (a), whichever is later, after payment of any costs incurred by the public agency related to salvage and storage of the property, and that following the expiration of the 15-day period, the property will be sold or otherwise disposed of by the public agency.

(7) A statement that the registered or legal owners or any other person known to have an interest in the property have the opportunity for a poststorage hearing before the public agency that removed, or caused the removal of, the property to determine the validity of the removal and storage if a request for a hearing is made in person or in writing to that

public agency within 10 days from the date of notice; that if the registered or legal owners or any other person known to have an interest in the property disagree with the decision of the public agency, the decision may be reviewed pursuant to Section 11523 of the Government Code; and that during the time of the initial hearing, or during the time the decision is being reviewed pursuant to Section 11523 of the Government Code, the vessel in question shall not be sold or otherwise disposed of.

(c) (1) Any requested hearing shall be conducted within 48 hours of the time the request for a hearing is received by the public agency, excluding weekends and holidays. The public agency that removed the vehicle may authorize its own officers or employees to conduct the hearing but the hearing officer shall not be the same person who directed the removal and storage of the property.

(2) The failure of either the registered or legal owners or any other person known to have an interest in the property to request or attend a scheduled hearing shall not affect the validity of the hearing.

(d) The property may be claimed and recovered by its registered and legal owners, or by any other person known to have an interest in the property, within 15 days of the date the notice of removal was issued pursuant to paragraph (4) or (5) of subdivision (a), whichever is later, after payment of any costs incurred by the public agency related to salvage and storage of the property.

(e) The property may be sold or otherwise disposed of by the public agency not less than 15 days from the date the notice of removal was issued pursuant to paragraph (4) or (5) of subdivision (a), whichever is later, or the date of actual removal, whichever is later.

(f) The proceeds from the sale of the property, after deducting expenses for salvage, storage, sales costs, and any property tax liens, shall be deposited in the Abandoned Watercraft Abatement Fund for grants to local agencies, as specified in paragraph (1) of subdivision (d) of Section 525.

(g) It is the intent of the Legislature that this section shall not be construed to authorize the lien sale or destruction of any seaworthy vessel that is currently registered and operated in accordance with local, state, and federal law.

CHAPTER 312

An act to amend Sections 510, 1647.5, 1720, 1775.2, 1775.4, 1775.5, 12921.1, 12921.15, and 12921.3 of, and to add Sections 1681.5 and 1736.5 to, the Insurance Code, and to repeal Section 12253.5 of the Revenue and Taxation Code, relating to insurance production agencies.

[Approved by Governor September 22, 2005. Filed with
Secretary of State September 22, 2005.]

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

SECTION 1. Section 510 of the Insurance Code is amended to read:

510. Whenever a policy of insurance specified in Section 660 or 675, a policy of life insurance as defined in Section 101, a policy of disability insurance as defined in Section 106, or a certificate of coverage as defined in Section 10270.6, is first issued to or delivered to a new insured or a new policyholder in this state, the insurer shall include a written disclosure containing the name, address, and toll-free telephone number of the unit within the Department of Insurance that deals with consumer affairs. The telephone number shall be the same as that provided to consumers under Section 12921.1. The disclosure shall be printed in large, boldface type.

The disclosure shall also contain the address and customer service telephone number of the insurer, or the address and customer service telephone number of the agent or broker of record, or all of those addresses and telephone numbers. All addresses and telephone numbers for the insurer or the agent or broker of record shall be prominently displayed, in boldfaced type. The disclosure shall also contain a statement that the Department of Insurance should be contacted only after discussions with the insurer, or its agent or other representative, or both, have failed to produce a satisfactory resolution to the problem. If the policy or certificate was issued or delivered by an agent or broker, the disclosure shall specifically advise the insured to contact his or her agent or broker for assistance.

SEC. 2. Section 1647.5 of the Insurance Code is amended to read:

1647.5. (a) Each limited liability company, at the time of licensing pursuant to this chapter and, with respect to surplus line brokers, Chapter 6 (commencing with Section 1760), and at all times during which the company holds an active license, is required to provide security for claims against it as follows:

(1) For claims based upon acts, errors, or omissions arising out of the practice of insurance agency, brokerage, or surplus line brokerage, a licensed limited liability company providing insurance agency, brokerage, or surplus line brokerage services shall comply with the requirements of subparagraph (A) or (B), or pursuant to subdivision (b), some combination of those requirements.

(A) (i) Maintain a policy or policies of insurance against liability imposed on or against it by law for damages arising out of claims in an amount for each claim of at least one hundred thousand dollars

($100,000) multiplied by the number of licensees rendering professional services on behalf of the company, with a minimum required amount of five hundred thousand dollars ($500,000); however, the maximum amount of insurance is not required to exceed five million dollars ($5,000,000) for claims initially asserted in any one calendar year, less amounts paid in defending, settling, or discharging those claims. In addition, the policy shall contain, at a minimum, a provision that the policy cannot be nonrenewed, canceled, or terminated, without providing written notice to the commissioner within 10 days.

(ii) An applicant who wishes to satisfy the requirements of this section wholly, or in part, by maintaining a policy or policies of insurance as set forth in clause (i) shall submit to the commissioner a certification of coverage pursuant to subdivision (d). If a license is automatically issued or renewed without providing this certification, the license may be inactivated by the commissioner upon discovery of the lack of compliance with this paragraph.

(iii) If the policy specified in clause (i) contains a deductible or self-insured retention and the policy provides that the insurer is ultimately responsible for payment of the total amount of the claim up to the policy limits, including the deductible or retention, the policyholder shall not be required to maintain security for payment of its deductible limit or self-insured retention liability under the terms set forth in subparagraph (B).

(iv) If the policy specified in clause (i) contains a deductible limit or self-insured retention and does not provide that the insurer is responsible for payment of the total amount of the claim up to the policy limits, the policyholder shall maintain security for payment of its deductible limit or self-insured retention under the terms set forth in subparagraph (B).

(B) Maintain in trust or bank escrow, cash, bank certificates of deposit, United States Treasury obligations, bank letters of credit, or bonds of insurance companies as security for payment of liabilities imposed by law for damages arising out of all claims in an amount of at least one hundred thousand dollars ($100,000) multiplied by the number of licensees rendering professional services on behalf of the company, with a minimum required amount of five hundred thousand dollars ($500,000); however, the maximum amount of security is not required to exceed five million dollars ($5,000,000) for claims initially asserted in any one calendar year, less amounts paid in defending, settling, or discharging those claims.

(b) For purposes of satisfying the security requirements of this section, a limited liability company may aggregate the security provided by it pursuant to subparagraphs (A) and (B) of paragraph (1) of subdivision (a).

(c) At the time of licensing pursuant to this article, limited liability companies shall file with the commissioner information, in the manner prescribed by the commissioner, and accompanied by all documentation requested by the commissioner, demonstrating compliance with the financial security requirements of this section. Limited liability companies shall also file an annual confirmation with the commissioner, at a time and in a manner, and with documentation, prescribed by the commissioner, demonstrating continuing compliance with the financial security requirements of this section.

(d) If the security requirements of this section are satisfied wholly, or in part, with an insurance policy, then a certification of coverage shall be submitted to the commissioner by the licensee or applicant, and signed by an authorized agent or employee of the insurer. The certification of coverage shall be in the following form:

Department of Insurance
Limited Liability Company
Certification of Coverage Under Section 1647.5 of the California Insurance Code

I hereby certify that the insurance company listed below has issued a policy or policies of insurance as follows:

Insured Name: _____
License Number: _____
Company Name: _____
Address: _____
Policy Number(s): _____
Insurance Company: _____
Policy Effective Date: _____
Policy Expiration Date: _____
Specify whether blanket or individual policy: _____
Specify number of licensees rendering services: _____

I hereby certify that the limited liability company named above is insured against claims arising from errors and omissions as defined and described in the amounts and limits set forth in Section 1647.5 of the California Insurance Code. I understand and agree that the insurance coverage for the entity and person(s) insured under this policy or policies may not be terminated, canceled, or nonrenewed, regardless of cause or reason, without providing written notice to the commissioner within ten (10) days.

Signature:_____ Date: _____
(Insurance Company Representative)

Title: _____

(e) The commissioner may summarily deny or decline to act upon an application for the issuance or renewal of a license, or may summarily inactivate an existing license, for failure to comply with the requirements of this section.

(1) If the commissioner inactivates a license for failure to comply with the requirements of subparagraph (A) of paragraph (1) of subdivision (a), the effective date of the inactivation shall be the date on which the insurance policy or policies used to satisfy that requirement expire or are canceled, as indicated by the expiration date specified on the certification of coverage filed pursuant to subdivision (d) or by a notification received from the insurer of termination, cancellation, or nonrenewal of coverage.

(2) If the commissioner inactivates a license for failure to comply with the requirements of subparagraph (B) of paragraph (1) of subdivision (a), or with the requirements of subdivision (b), the effective date of the inactivation shall be the date set by the commissioner as the deadline for demonstrating compliance with those provisions.

(3) Within 10 working days of the date of inactivation under this section, the commissioner shall send by certified mail to the licensee's address, as reflected in the commissioner's records, a notice to the licensee of the inactivation of the license.

(4) A license that has been inactivated pursuant to this section shall be reactivated if, within 30 days of the date of inactivation, the licensee demonstrates, in the manner prescribed by the commissioner, satisfaction of the requirements of subparagraph (A) or (B) of paragraph (1) of subdivision (a), or the requirements of subdivision (b), and includes any fees, penalties, and any other required licensing documents necessary to reactivate the license, including new company appointment forms, bonds, and any new business entity endorsements as required. If a certification of coverage is provided to demonstrate compliance with these requirements, and the certification indicates that the insurance policy or policies have been in effect continuously from the date of the inactivation, the license shall be reactivated retroactive to and including the date of inactivation. If the certification of coverage shows an effective date for the insurance policy or policies later than the date of inactivation, the license shall be reactivated as of the effective date of the policy or policies.

(f) Any licensee who, acting alone or in concert with others, willfully or knowingly causes or allows to be filed with the commissioner for the purpose of demonstrating compliance with this section a certification of coverage described in subdivision (d), or any other document required by this section, that is false, fraudulent, or misleading, shall be subject to administrative penalty, including suspension or revocation of the licensee's license, after notice and hearing as provided for in the Administrative Procedure Act. However, nothing in this section shall entitle a licensee to notice or hearing on the summary denial of an application or the summary inactivation of a license pursuant to subdivision (e).

(g) The commissioner may disclose on the department's Internet Web site the names and license numbers of those licensees whose licenses have been inactivated or who have been penalized due to noncompliance with this section. The commissioner may also report that information to the National Association of Insurance Commissioners (NAIC).

(h) The commissioner may adopt regulations as necessary to implement this section.

SEC. 3. Section 1681.5 is added to the Insurance Code, to read:

1681.5. (a) No person shall cheat on, subvert, or attempt to subvert, any licensing examination given by the department, including, but not limited to, engaging in, soliciting, or procuring any of the following:

(1) Any communication between one or more examinees and any other person, other than a proctor or examination official, while the examination is in progress.

(2) The taking of all or a part of the examination by a person other than the applicant.

(3) Possession or use at any time during the examination or while the examinee is on the examination premises of any device, material, or document that is not expressly authorized for use by examinees during the examination, including, but not limited to, notes, crib sheets, textbooks, and electronic devices.

(4) Failure to follow any examination instruction or rule related to examination security.

(5) The provision of false, fraudulent, or materially misleading information concerning education, experience, or other qualifications as part of, or in support of, any application for admission to any examination.

(b) Any person who willfully violates this section is guilty of a misdemeanor punishable by a fine not exceeding ten thousand dollars ($10,000) or by imprisonment in a county jail not exceeding one year.

(c) The commissioner shall bar any candidate caught willfully cheating under this section from taking any license examination and from holding

an active license under any provision of this code for a period of five years.

SEC. 4. Section 1720 of the Insurance Code is amended to read:

1720. (a) A licensee who has applied to renew a license under this chapter shall be entitled to continue operating under the existing license for 60 days after its specified expiration date, or until notified by the department that the renewal application is deficient, whichever comes first, if the applicant has satisfied all license renewal requirements, including, but not limited to, the following:

(1) The submission of the applicable renewal application and fee on or before the expiration date of the license.

(2) The satisfaction of all required continuing education or training requirements.

(b) This section shall not apply to any license that is suspended or revoked.

SEC. 5. Section 1736.5 is added to the Insurance Code, to read:

1736.5. (a) Every licensee and applicant shall promptly reply in writing to an inquiry from the commissioner relative to an application for, or the retention or renewal of, a license, or an investigation relating to a consumer complaint or a matter relating to a producer licensing background change reporting requirement under Section 1729.2. The commissioner may revoke, suspend, or refuse to issue or renew a license if the licensee or applicant does not promptly reply in writing to an inquiry from the commissioner.

(b) For purposes of this section, "promptly reply" means to provide a written response to the inquiry that is received by the commissioner no later than 21 days after the date the inquiry was mailed or otherwise communicated to the applicant or licensee.

(c) For purposes of this section, the term "licensee" and "applicant" have the same definitions as those contained in paragraph (3) of subdivision (c) of Section 1729.2, and the licenses covered by this section are the same as those covered by paragraph (1) of subdivision (c) of Section 1729.2.

SEC. 6. Section 1775.2 of the Insurance Code is amended to read:

1775.2. On or before February 1 of each year, the commissioner shall post on the department's Internet Web site the installment payment forms prescribed by the commissioner to accompany surplus line tax remittances if monthly installment payments are required by Section 1775.1. Failure to secure those forms shall not relieve any broker from making or paying monthly installment payments.

SEC. 7. Section 1775.4 of the Insurance Code is amended to read:

1775.4. (a) The amount of the payment shall be 3 percent of the gross premiums less return premiums upon business done by the surplus

line broker under the authority of his or her license during the calendar month ending two calendar months immediately preceding the due date of the payment, as specified in Section 1775.3, excluding gross premiums and return premiums paid by him or her upon business governed by the provisions of Section 1760.5. If during any calendar month those return premiums upon business done by a surplus line broker exceed the gross premiums upon the business done by him or her in that calendar month, then no payment shall be payable by him or her in respect to that calendar month, and he or she may carry forward that excess to the next succeeding calendar month or months and apply it in reduction of the taxable premiums on business done by him or her in that succeeding calendar month or months. Even though no payment shall be payable by the broker, he or she shall file a return showing that his or her return premiums exceeded his or her gross premiums.

(b) In determining the applicability of subdivision (a) of Section 1775.1 to a surplus line broker who has acquired the business of another surplus line broker, the amount of tax liability of the acquired broker for the immediately preceding calendar year shall be added to the amount of the tax liability of the acquiring broker for the immediately preceding calendar year.

(c) All amounts paid, other than penalties and interest, shall be allowed as a credit on the annual tax imposed by Section 1775.5.

(d) If the total amount of monthly installment payments for any calendar year exceeds the amount of annual tax for that year, the excess shall be treated as an overpayment of annual tax and be allowed as a credit or refund.

(e) A penalty of 10 percent of the amount of the monthly payment due shall be levied upon and paid by any surplus line broker who fails to make the necessary payment within the time required, plus interest at the rate of 1 percent per calendar month or fraction thereof from the due date of the payment until the date payment is received by the commissioner, but not for any period after the due date of the annual tax. The penalty and interest shall be applied as prescribed in Section 12636.5 of the Revenue and Taxation Code. The commissioner may remit the penalty in a case where he or she finds, as a result of examination or otherwise, that the failure of, or delay in, payment arose out of excusable mistake or excusable inadvertence.

(f) For any part of a payment required that was not made within the time required by law, when the nonpayment or late payment was due to fraud on the part of the taxpayer, a penalty of 25 percent of the amount unpaid shall be added thereto, in addition to all other penalties otherwise imposed.

(g) The commissioner, upon a showing of good cause, may extend for not to exceed 10 days the time for making a monthly payment. The extension may be granted at any time, provided that a request therefor is filed with the commissioner within or prior to the period for which the extension may be granted. No interest shall be paid for the period of time for which the extension is granted.

SEC. 8. Section 1775.5 of the Insurance Code is amended to read:

1775.5. Every surplus line broker shall annually, on or before the first day of March of each year pay to the Insurance Commissioner for the use of the State of California a tax of 3 percent of the gross premiums less return premiums upon business done by him or her under authority of his or her license during the preceding calendar year, excluding premiums upon business done by the provisions of Section 1760.5. If during any calendar year 3 percent of such return premiums upon business done by a surplus line broker exceed 3 percent of the gross premiums upon such business done by him or her in that year, then he or she may either carry forward such excess to the next succeeding year and apply it as a credit against 3 percent of gross premiums on such business done by him or her in such succeeding year, or he or she may elect to receive, and thereupon be paid a refund equal to the amount of taxes theretofore paid by him or her on such excess of return premiums paid over gross premiums received.

For the purpose of determining such tax, the total premium charged for all such nonadmitted insurance placed in a single transaction with one underwriter or group of underwriters, whether in one or more policies, shall be allocated to this state in such proportion as the total premium on the insured properties or operations in this state, as computed on the exposure in this state on the basis of any single standard rating method in use in all states or countries where such insurance applies, bears to the total premium so computed in all states or countries in which such nonadmitted insurance may apply. This provision shall not apply to interstate motor transit operations conducted between this and other states. With respect to such operations surplus line tax shall be payable on the entire premium charged on all nonadmitted insurance, less the following:

(a) Such portion of the premium as is determined, as herein provided, to have been charged for operations in other states taxing such premium on operations in such states of an insured maintaining its headquarters office in this state.

(b) The premium for any operations outside of this state of an insured who maintains a headquarters operating office outside of this state and a branch office in this state.

A penalty of 10 percent of the amount of the payment due shall be levied upon and paid by any surplus line broker who fails to make the necessary payment within the time required, plus interest at the rate of 1 percent per calendar month or fraction thereof, from March 1, the due date of the annual tax, until the date the payment is received by the commissioner. The penalty and interest shall be applied as prescribed in Section 12636.5 of the Revenue and Taxation Code. The commissioner, upon a showing of good cause, may extend for not to exceed 30 days, the time for filing a tax return or paying any amount required to be paid with the return. The extension may be granted at any time, provided that a request therefor is filed with the commissioner within, or prior to, the period for which the extension may be granted.

Any surplus line broker to whom an extension is granted shall, in addition to the tax, pay interest at the rate of 1 percent per month or fraction thereof from March 1, until the date of payment. The commissioner may remit the penalty in a case where the commissioner finds, as a result of examination or otherwise, that the failure of or delay in payment arose out of excusable mistake or excusable inadvertence.

For any part of a payment required by this section or by Section 1775.4 which was not made within the time required by law, when such nonpayment or late payment was due to fraud on the part of the broker, a penalty of 25 percent of the amount unpaid shall be added thereto, in addition to all other penalties otherwise imposed.

SEC. 9. Section 12921.1 of the Insurance Code is amended to read:

12921.1. (a) The commissioner shall establish a program on or before July 1, 1991, to investigate complaints and respond to inquiries received pursuant to Section 12921.3, to comply with Section 12921.4, and, when warranted, to bring enforcement actions against insurers or production agencies, as those terms are defined in subdivision (a) of Section 1748.5. The program shall include, but not be limited to, the following:

(1) A toll-free number published in telephone books throughout the state, dedicated to the handling of complaints and inquiries.

(2) Public service announcements to inform consumers of the toll-free telephone number and how to register a complaint or make an inquiry to the department.

(3) A simple, standardized complaint form designed to assure that complaints will be properly registered and tracked.

(4) Retention of records on complaints for at least three years after the complaint has been closed.

(5) Guidelines to disseminate complaint and enforcement information on individual insurers to the public, that shall include, but not be limited to, the following:

(A) License status.

(B) Number and type of complaints closed within the last full calendar year, with analogous statistics from the prior two years for comparison. The proportion of those complaints determined by the department to require that corrective action be taken against the insurer, or leading to insurer compromise, or other remedy for the complainant, as compared to those that are found to be without merit. This information shall be disseminated in a fashion that will facilitate identification of meritless complaints and discourage their consideration by consumers and others interested in the records of insurers.

(C) Number and type of violations found, by reference to the line of insurance and the law violated.

(D) Number and type of enforcement actions taken.

(E) Ratio of complaints received to total policies in force, or premium dollars paid in a given line, or both. Private passenger automobile insurance ratios shall be calculated as the number of complaints received to total car years earned in the period studied.

(F) Any other information the department deems is appropriate public information regarding the complaint record of the insurer that will assist the public in selecting an insurer. However, nothing in this section shall be construed to permit disclosure of information or documents in the possession of the department to the extent that the information and those documents are protected from disclosure under any other provision of law.

(6) Procedures and average processing times for each step of complaint mediation, investigation, and enforcement. These procedures shall be consistent with those in Article 6.5 (commencing with Section 790) of Chapter 1 of Part 2 of Division 1 for complaints within the purview of that article, consistent with those in Article 7 (commencing with Section 1858) of Chapter 9 of Part 2 of Division 1 for complaints within the purview of that article, and consistent with any other provisions of law requiring certain procedures to be followed by the department in investigating or prosecuting complaints against insurers or production agencies.

(7) A list of criteria to determine which violations should be pursued through enforcement action, and enforcement guidelines that set forth appropriate penalties for violations based on the nature, severity, and frequency of the violations.

(8) Referral of complaints not within the department's jurisdiction to appropriate public and private agencies.

(9) Complaint handling goals that can be tested against surveys carried out pursuant to subdivision (a) of Section 12921.4.

(10) Inclusion in its annual report to the Governor, required by Section 12922, detailed information regarding the program required by this

section, that shall include, but not be limited to: a description of the operation of the complaint handling process, listing civil, criminal, and administrative actions taken pursuant to complaints received; the percentage of the department's personnel years devoted to the handling and resolution of complaints; and suggestions for legislation to improve the complaint handling apparatus and to increase the amount of enforcement action undertaken by the department pursuant to complaints if further enforcement is deemed necessary to insure proper compliance by insurers or production agencies with the law.

(b) The commissioner shall promulgate a regulation that sets forth the criteria that the department shall apply to determine if a complaint is deemed to be justified prior to the public release of a complaint against a specifically named insurer or production agency.

(c) The commissioner shall provide to the insurer or production agency a description of any complaint against the insurer or production agency that the commissioner has received and has deemed to be justified at least 30 days prior to public release of a report summarizing the information required by this section. This description shall include all of the following:

(1) The name of the complainant.

(2) The date the complaint was filed.

(3) A succinct description of the facts of the complaint.

(4) A statement of the department's rationale for determining that the complaint was justified that applies the department's criteria to the facts of the complaint.

(d) An insurer shall provide to the department the name, mailing address, telephone number, and facsimile number of a person whom the insurer designates as the recipient of all notices, correspondence, and other contacts from the department concerning complaints described in this section. The insurer may change the designation at any time by providing written notice to the Consumer Services Division of the department.

(e) For the purposes of this section, notices, correspondence, and other contacts with the designated person shall be deemed contact with the insurer.

SEC. 9.5. Section 12921.1 of the Insurance Code is amended to read:

12921.1. (a) The commissioner shall establish a program on or before July 1, 1991, to investigate complaints and respond to inquiries received pursuant to Section 12921.3, to comply with Section 12921.4, and, when warranted, to bring enforcement actions against insurers or production agencies, as those terms are defined in subdivision (a) of Section 1748.5. The program shall include, but not be limited to, the following:

(1) A toll-free telephone number published in telephone books throughout the state, dedicated to the handling of complaints and inquiries.

(2) Public service announcements to inform consumers of the toll-free telephone number and how to register a complaint or make an inquiry to the department.

(3) A simple, standardized complaint form designed to assure that complaints will be properly registered and tracked.

(4) Retention of records on complaints for at least three years after the complaint has been closed.

(5) Guidelines to disseminate complaint and enforcement information on individual insurers to the public, that shall include, but not be limited to, the following:

(A) License status.

(B) Number and type of complaints closed within the last full calendar year, with analogous statistics from the prior two years for comparison. The proportion of those complaints determined by the department to require that corrective action be taken against the insurer, or leading to insurer compromise, or other remedy for the complainant, as compared to those that are found to be without merit. This information shall be disseminated in a fashion that will facilitate identification of meritless complaints and discourage their consideration by consumers and others interested in the records of insurers.

(C) Number and type of violations found, by reference to the line of insurance and the law violated. For the purposes of this subparagraph, the department shall separately report this information for health insurers.

(D) Number and type of enforcement actions taken.

(E) Ratio of complaints received to total policies in force, or premium dollars paid in a given line, or both. Private passenger automobile insurance ratios shall be calculated as the number of complaints received to total car years earned in the period studied.

(F) Any other information the department deems is appropriate public information regarding the complaint record of the insurer that will assist the public in selecting an insurer. However, nothing in this section shall be construed to permit disclosure of information or documents in the possession of the department to the extent that the information and those documents are protected from disclosure under any other provision of law.

(6) Procedures and average processing times for each step of complaint mediation, investigation, and enforcement. These procedures shall be consistent with those in Article 6.5 (commencing with Section 790) of Chapter 1 of Part 2 of Division 1 for complaints within the purview of that article, consistent with those in Article 7 (commencing with Section

1858) of Chapter 9 of Part 2 of Division 1 for complaints within the purview of that article, and consistent with any other provisions of law requiring certain procedures to be followed by the department in investigating or prosecuting complaints against insurers or production agencies.

(7) A list of criteria to determine which violations should be pursued through enforcement action, and enforcement guidelines that set forth appropriate penalties for violations based on the nature, severity, and frequency of the violations.

(8) Referral of complaints not within the department's jurisdiction to appropriate public and private agencies.

(9) Complaint handling goals that can be tested against surveys carried out pursuant to subdivision (a) of Section 12921.4.

(10) Inclusion in its annual report to the Governor, required by Section 12922, detailed information regarding the program required by this section, that shall include, but not be limited to: a description of the operation of the complaint handling process, listing civil, criminal, and administrative actions taken pursuant to complaints received; the percentage of the department's personnel years devoted to the handling and resolution of complaints; and suggestions for legislation to improve the complaint handling apparatus and to increase the amount of enforcement action undertaken by the department pursuant to complaints if further enforcement is deemed necessary to ensure proper compliance by insurers or production agencies with the law.

(b) The commissioner shall promulgate a regulation that sets forth the criteria that the department shall apply to determine if a complaint is deemed to be justified prior to the public release of a complaint against a specifically named insurer or production agency.

(c) The commissioner shall provide to the insurer or production agency a description of any complaint against the insurer or production agency that the commissioner has received and has deemed to be justified at least 30 days prior to public release of a report summarizing the information required by this section. This description shall include all of the following:

(1) The name of the complainant.

(2) The date the complaint was filed.

(3) A succinct description of the facts of the complaint.

(4) A statement of the department's rationale for determining that the complaint was justified that applies the department's criteria to the facts of the complaint.

(d) An insurer shall provide to the department the name, mailing address, telephone number, and facsimile number of a person whom the insurer designates as the recipient of all notices, correspondence, and

other contacts from the department concerning complaints described in this section. The insurer may change the designation at any time by providing written notice to the Consumer Services Division of the department.

(e) For the purposes of this section, notices, correspondence, and other contacts with the designated person shall be deemed contact with the insurer.

SEC. 10. Section 12921.15 of the Insurance Code is amended to read:

12921.15. (a) On or before July 1, 1999, the commissioner shall prepare a written report, to be made available by the department to interested individuals upon written request, that details complaint and enforcement information on individual insurers in accordance with guidelines established under paragraph (5) of subdivision (a) of Section 12921.1. The report shall be made available by mail through the department's consumer toll-free telephone number and through the department's Internet website and transmitted via electronic mail if the individual has the ability to obtain the report in this manner. No complaint information shall be included in the report required by this section that has not been provided to the insurer in accordance with subdivision (c) of Section 12921.1

(b) The commissioner may also, if deemed appropriate, publish the record of complaints against the production agency that have been determined by the department to be justified and that will assist the public in selecting a production agency. No complaint data shall be published that has not been provided to the production agency in accordance with subdivision (c) of Section 12921.1.

SEC. 11. Section 12921.3 of the Insurance Code is amended to read:

12921.3. (a) The commissioner, in person or through employees of the department, shall receive complaints and inquiries, investigate complaints, prosecute insurers or production agencies when appropriate and according to guidelines determined pursuant to Section 12921.1, and respond to complaints and inquiries by members of the public concerning the handling of insurance claims, including, but not limited to, violations of Article 10 (commencing with Section 1861) of Chapter 9 of Part 2 of Division 1, by insurers or production agencies, or alleged misconduct by insurers or production agencies.

(b) The commissioner shall not decline to investigate complaints for any of the following reasons:

(1) The insured is represented by an attorney in a dispute with an insurer, or is in mediation or arbitration.

(2) The insured has a civil action against an insurer.

(3) The complaint is from an attorney, if the complaint is based upon evidence or reasonable beliefs about violations of law known to an attorney because of a civil action.

(c) The commissioner may defer the investigation until the finality of a dispute, mediation, arbitration, or civil action involving the claim is known.

(d) The commissioner, as he or she deems appropriate, and pursuant to Section 12921.1, shall provide for the education of, and dissemination of information to, members of the general public or licensees of the department concerning insurance matters.

SEC. 12. Section 12253.5 of the Revenue and Taxation Code is repealed.

SEC. 13. Section 9.5 of this bill incorporates amendments to Section 12921.1 of the Insurance Code proposed by both this bill and SB 367. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 12921.1 of the Insurance Code, and (3) this bill is enacted after SB 367, in which case Section 9 of this bill shall not become operative.

SEC. 14. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 313

An act to add Section 123147 to the Health and Safety Code, relating to health care.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 123147 is added to the Health and Safety Code, to read:

123147. (a) Except as provided in subdivision (b), all health facilities, as defined in Section 1250, and all primary care clinics that are either licensed under Section 1204 or exempt from licensure under Section

1206, shall include a patient's principal spoken language on the patient's health records.

(b) Any long-term health care facility, as defined in Section 1418, that already completes the minimum data set form as specified in Section 14110.15 of the Welfare and Institutions Code, including documentation of a patient's principal spoken language, shall be deemed to be in compliance with subdivision (a).

CHAPTER 314

An act to repeal and add Section 51220.6 of the Education Code, relating to driver education.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 51220.6 of the Education Code is repealed.

SEC. 2. Section 51220.6 is added to the Education Code, to read:

51220.6. (a) Notwithstanding any other provision of law, a private school is not required to offer courses in driver education or driver training.

(b) This section shall not be construed to require a private school to offer automobile driver education that meets the requirements of this chapter unless the private school requests the Department of Motor Vehicles to issue a certificate of satisfactory completion form.

(c) For purposes of subdivision (j) of Section 51220, Section 51220.1, and subparagraph (A) of paragraph (3) of subdivision (a) of Section 12814.6 of the Vehicle Code, the satisfactory completion by a pupil of an Internet-based, correspondence, or other distance-learning course in automobile driver education offered by a private secondary school satisfies the driver education instructional requirements of those provisions and the Department of Motor Vehicles shall issue certificates of satisfactory completion forms if all of the following conditions are met:

(1) The private secondary school has a current affidavit or statement on file in compliance with Section 33190.

(2) The private secondary school utilizes the Department of Motor Vehicles' driver education curriculum developed under subdivision (f) of former Section 12814.8 of the Vehicle Code for providing the automobile driver education course, or the private school certifies to the

Department of Motor Vehicles that the curriculum used is educationally equivalent to the Department of Motor Vehicles' curriculum.

(3) All certificates issued to a private school by the Department of Motor Vehicles shall remain under the exclusive control of that school. A school shall only issue a certificate to a student who is enrolled in the private school, and has successfully completed a driver education course offered by that school.

(4) All course curriculums contain the school name, school address, and telephone number.

(5) Internet web pages or CD courses are reasonably secure and protected from unauthorized access, modifications, or extraction of confidential data.

(6) Test questions for Internet and CD courses are secured and randomly extracted to safeguard from copying.

CHAPTER 315

An act to add Sections 1231.5, 1580.1, 1734.5, and 100315 to the Health and Safety Code, relating to the elderly.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

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

(a) The State Department of Health Services has established the California Program for All-Inclusive Care for the Elderly (PACE), to promote the development of community-based capitated, health, and long-term care programs for the frail elderly.

(b) The department, in coordination with the federal Centers for Medicare and Medicaid Services, has entered into contracts with PACE organizations under Chapter 8.75 (commencing with Section 14590) of Part 3 of Division 9 of the Welfare and Institutions Code, which require PACE organizations to meet federal regulations under subchapter E (commencing with Section 460) of Chapter 4 of Title 42 of the United States Code of Federal Regulations, and applicable state requirements.

(c) PACE organizations are required by federal law and regulation to provide comprehensive medical, health, and social services at PACE centers, inpatient facilities, participant homes, and other locations, under the direction and supervision of an interdisciplinary team of physicians, nurses, and other health professionals who assess participant needs,

develop care plans, and deliver all services, which are integrated into a complete health care plan. PACE organizations offer and manage all of the medical, social, and rehabilitative services their participants need to preserve or restore their independence, to remain in their homes and communities, and to maintain their quality of life.

(d) In order to provide the range of services required by federal and state laws, PACE organizations are subject to regulations of multiple state departments and agencies, including Medi-Cal managed care as well as licensing for clinic services, home health services, and adult day health care services. PACE organizations deliver services in participants' home environments, which may include independent living arrangements, congregate housing, and board and care or residential care facilities.

(e) The state regulations that are applicable to PACE organizations are in some instances conflicting and inappropriate for PACE organizations or are inconsistent with federal or other state requirements that are specially adapted to the PACE model for providing health and care services.

(f) In addition, PACE organizations are required to hold several licenses for the same licensed service in multiple locations, requiring multiple applications and other communications with the department.

SEC. 2. Section 1231.5 is added to the Health and Safety Code, to read:

1231.5. The department may grant to a PACE program, as defined in Chapter 8.75 (commencing with Section 14590) of Part 3 of Division 9 of the Welfare and Institutions Code, exemptions from the provisions contained in this chapter in accordance with the requirements of Section 100315.

SEC. 3. Section 1580.1 is added to the Health and Safety Code, to read:

1580.1. The State Department of Health Services, and as applicable, the California Department of Aging, may grant to entities contracting with the State Department of Health Services under the PACE program, as defined in Chapter 8.75 (commencing with Section 14590) of Part 3 of Division 9 of the Welfare and Institutions Code, exemptions from the provisions contained in this chapter in accordance with the requirements of Section 100315.

SEC. 4. Section 1734.5 is added to the Health and Safety Code, to read:

1734.5. The department may grant to entities contracting with the department under the PACE program, as defined in Chapter 8.75 (commencing with Section 14590) of Part 3 of Division 9 of the Welfare and Institutions Code, exemptions from the provisions contained in this chapter in accordance with the requirements of Section 100315.

SEC. 5. Section 100315 is added to the Health and Safety Code, to read:

100315. (a) The department and as applicable, the California Department of Aging and the State Department of Social Services, may grant to a PACE program, as defined in Chapter 8.75 (commencing with Section 14590) of Part 3 of Division 9 of the Welfare and Institutions Code, exemptions from the provisions contained in Chapter 1 (commencing with Section 1200), Chapter 3 (commencing with Section 1500), Chapter 3.2 (commencing with Section 1569), Chapter 3.3 (commencing with Section 1570), and Chapter 8 (commencing with Section 1725) of Division 2, and Divisions 3 and 5 of Title 22 of the California Code of Regulations, including the use of alternate concepts, methods, procedures, techniques, space, equipment, personnel, personnel qualifications, or the conducting of pilot projects, provided that the exemptions are implemented in a manner that does not jeopardize the health and welfare of participants receiving services under PACE, or deprive beneficiaries of rights specified in federal or state laws or regulations. In determining whether to grant exemptions under this section, the departments shall consult with each other.

(b) A written request and substantiating evidence supporting the request for an exemption under subdivision (a) shall be submitted by the PACE program to the department. A PACE program may submit a single request for an exemption from the licensing requirements applicable to two or more licenses held by that organization, so long as the request lists the locations and license numbers held by that organization and the requested exemption is the same and appropriate for all licensed locations. The written request shall include, but shall not be limited to, all of the following:

(1) A description of how the applicable state requirement conflicts with or is inconsistent with state or federal requirements related to the PACE model.

(2) An analysis demonstrating why the conflict or inconsistency cannot be resolved without an exemption.

(3) A description of how the PACE program plans to comply with the intent of the requirements described in paragraph (1).

(4) A description of how the PACE program will monitor its compliance with the terms and conditions under which the exemption is granted.

(c) The department shall approve or deny any request within 60 days of submission. An approval shall be in writing and shall provide for the terms and conditions under which the exemption is granted. A denial shall be in writing and shall specify the basis therefor. Any decision to deny a request shall be a final administrative decision.

(d) If, after investigation, the department determines that a PACE program that has been granted an exemption under this section is operating in a manner contrary to the terms and conditions of the exemption, the department shall immediately suspend or revoke the exemption. If the exemption is applicable to more than one location or more than one category of licensure, or both, the department may suspend or revoke an exemption as to one or more license categories or locations as deemed appropriate by the department.

CHAPTER 316

An act to add and repeal Section 22064 to the Financial Code, relating to finance lenders.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 22064 is added to the Financial Code, to read:

22064. (a) This division does not apply to the following:

(1) A program-related investment defined in subsection (c) of Section 4944 of the Internal Revenue Code and United States Treasury Regulations Section 53.4944-3 that is made by a private foundation, tax-exempt organization within the meaning of Section 509(a) of the Internal Revenue Code.

(2) A loan, guaranty, or investment made by a public charity, tax-exempt organization within the meaning of paragraph (1), (2), or (3) of subsection (a) of Section 509 of the Internal Revenue Code that meets all of the following requirements:

(A) The primary purpose of the loan, guaranty, or investment is to accomplish one or more of the exempt purposes of the public charity making the loan, as described in Section 170(c)(2)(B) of the Internal Revenue Code.

(B) Neither the production of income nor the appreciation of property is a significant purpose of the loan, guaranty, or investment.

(C) No purpose of the loan, guaranty, or investment is to accomplish one or more of the purposes described in Section 170(c)(2)(D) of the Internal Revenue Code.

(b) Subdivision (a) shall not exempt from the provisions of this division a tax-exempt organization that is making consumer loans as defined in Sections 22203 and 22204.

(c) A loan that is secured by any assets owned by an individual shall be exempt under subdivision (a) only if the individual providing the security is an "accredited investor" as defined in paragraph (5) or (6) of subsection (a) of Section 230.501 of Title 17 of the Code of Federal Regulations. Property held by an individual for personal, family, or household purposes, including an individual's personal residence, may not be taken as security for a loan.

(d) A program-related investment by a private foundation, and any loan, guaranty, or investment made by a public charity that is exempt under subdivision (a) is subject to the implied covenant of good faith and fair dealing under Section 1655 of the Civil Code.

(e) (1) Subdivision (a) shall exempt from the provisions of this division a program-related investment by a private foundation, or a loan, guaranty, or investment by a public charity, only if the following conditions are satisfied:

(A) The organization making the program-related investment, loan, guaranty, or investment is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is organized and operated exclusively for one or more of the purposes described in Section 501(c)(3) of the Internal Revenue Code.

(B) No part of the net earnings of the organization making the program-related investment, loan, guaranty or investment inures to the benefit of a private shareholder or individual.

(C) No broker's fee will be paid in connection with the making of the program-related investment, loan, guaranty, or investment or placement of the program-related investment, loan, guaranty or investment.

(2) This subdivision does not prohibit the organization making the program-related investment, loan, guaranty, or investment from charging interest on the loan or investment or fees on the guaranty.

(f) Subdivision (a) shall only exempt from the provisions of this division a program-related investment by a private foundation or a loan, guaranty, or investment by a public charity that is made for the primary purpose of accomplishing one or more of the organization's exempt purposes described in Section 501(c)(3) of the Internal Revenue Code, and no significant purpose of which is the production of income or the appreciation of property within the meaning of subsection (c) of Section 4944 of the Internal Revenue Code. A recipient shall be required to use all funds received from the private foundation or the public charity only for the charitable purposes for which the program-related investment, loan, guaranty, or investment was made.

(g) Subdivision (a) shall only exempt from the provisions of this division a program-related investment by a private foundation or a loan, guaranty, or investment by a public charity if the organization

consummates not more than 35 loans in a calendar year. In the making and negotiating of these loans, the private foundation or public charity shall take into consideration the financial ability of the recipients to repay the loans in the time and manner provided.

(h) Nothing in this section is intended to abrogate or diminish the application of any other applicable laws that are designed to govern the tax-exempt organizations described in subdivision (a), including, but not limited to, laws pertaining to recordkeeping and reporting to the Attorney General and the Internal Revenue Service or to protect borrowers, including, but not limited to, laws pertaining to licenses, unfair competition, usury, and conflicts of interest.

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

CHAPTER 317

An act to repeal Article 7.7 (commencing with Section 2154) of Chapter 5 of Division 2 of the Business and Professions Code, and to amend Section 128345 of, to amend, repeal, and add Section 128335 of, and to add Article 5 (commencing with Section 128550) to Chapter 5 of Part 3 of Division 107 of, the Health and Safety Code, relating to health professions education, and making an appropriation therefor.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

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

(a) An adequate supply of physicians is critical to assuring the health and well-being of the citizens of California, particularly those who live in medically underserved areas.

(b) It is in the best interest of the state and its residents that medical services be provided throughout the state in a manner that can be effectively accessed by the residents of all communities.

(c) The Medical Board of California has implemented two programs, the Steven M. Thompson Physician Corps Loan Repayment Program and the Physician Volunteer Program, to help address the inadequate supply of physicians in medically underserved areas.

(d) The most appropriate source for funding and continued operation of these programs is within the Health Professions Education Foundation.

SEC. 2. Article 7.7 (commencing with Section 2154) of Chapter 5 of Division 2 of the Business and Professions Code is repealed.

SEC. 3. Section 128335 of the Health and Safety Code is amended to read:

128335. (a) The office shall establish a nonprofit public benefit corporation, to be known as the Health Professions Education Foundation, that shall be governed by a board consisting of a total of 13 members, nine members appointed by the Governor, one member appointed by the Speaker of the Assembly, one member appointed by the Senate Committee on Rules, and two members of the Medical Board of California appointed by the Medical Board of California. The members of the foundation board appointed by the Governor, Speaker of the Assembly, and Senate Committee on Rules may include representatives of minority groups that are underrepresented in the health professions, persons employed as health professionals, and other appropriate members of health or related professions. All persons considered for appointment shall have an interest in health programs, an interest in health educational opportunities for underrepresented groups, and the ability and desire to solicit funds for the purposes of this article as determined by the appointing power. The chairperson of the commission shall also be a nonvoting, ex officio member of the board.

(b) The Governor shall appoint the president of the board of trustees from among those members appointed by the Governor, the Speaker of the Assembly, the Senate Committee on Rules, and the Medical Board of California.

(c) The director, after consultation with the president of the board, may appoint a council of advisers comprised of up to nine members. The council shall advise the director and the board on technical matters and programmatic issues related to the Health Professions Education Foundation Program.

(d) Members of the board and members of the council shall serve without compensation but shall be reimbursed for any actual and necessary expenses incurred in connection with their duties as members of the board or the council. Members appointed by the Medical Board of California shall serve without compensation, but shall be reimbursed by the Medical Board of California for any actual and necessary expenses incurred in connection with their duties as members of the foundation board.

(e) Notwithstanding any provision of law relating to incompatible activities, no member of the foundation board shall be considered to be

engaged in activities inconsistent and incompatible with his or her duties solely as a result of membership on the Medical Board of California.

(f) The foundation shall be subject to the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 2 of the Corporations Code), except that if there is a conflict with this article and the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 2 of the Corporations Code), this article shall prevail.

(g) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 3.5. Section 128335 is added to the Health and Safety Code, to read:

128335. (a) The office shall establish a nonprofit public benefit corporation, to be known as the Health Professions Education Foundation, that shall be governed by a board consisting of nine members appointed by the Governor, one member appointed by the Speaker of the Assembly, and one member appointed by the Senate Committee on Rules. The members of the foundation board appointed by the Governor, Speaker of the Assembly, and Senate Committee on Rules may include representatives of minority groups which are underrepresented in the health professions, persons employed as health professionals, and other appropriate members of health or related professions. All persons considered for appointment shall have an interest in health programs, an interest in health educational opportunities for underrepresented groups, and the ability and desire to solicit funds for the purposes of this article as determined by the appointing power. The chairperson of the commission shall also be a nonvoting, ex officio member of the board.

(b) The Governor shall appoint the president of the board of trustees from among those members appointed by the Governor, the Speaker of the Assembly, and the Senate Committee on Rules.

(c) The director, after consultation with the president of the board, may appoint a council of advisers comprised of up to nine members. The council shall advise the director and the board on technical matters and programmatic issues related to the Health Professions Education Foundation Program.

(d) Members of the board and members of the council shall serve without compensation but shall be reimbursed for any actual and necessary expenses incurred in connection with their duties as members of the board or the council.

(e) The foundation shall be subject to the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 2 of the Corporations Code), except that if there is a conflict

with this article and the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 2 of the Corporations Code), this article shall prevail.

(f) This section shall become operative January 1, 2011.

SEC. 4. Section 128345 of the Health and Safety Code is amended to read:

128345. The Health Professions Education Foundation may do any of the following:

(a) Solicit and receive funds from business, industry, foundations, and other private or public sources for the purpose of providing financial assistance in the form of scholarships or loans to African-American students, Native American students, Hispanic-American students, and other students from underrepresented groups. These funds shall be expended by the office after transfer to the Health Professions Education Fund, created pursuant to Section 128355.

(b) Recommend to the director the disbursement of private sector moneys deposited in the Health Professions Education Fund to students from underrepresented groups accepted to or enrolled in schools of medicine, dentistry, nursing, or other health professions in the form of loans or scholarships.

(c) Recommend to the director a standard contractual agreement to be signed by the director and any participating student, that would require a period of obligated professional service in the areas in California designated by the commission as deficient in primary care services. The agreement shall include a clause entitling the state to recover the funds awarded plus the maximum allowable interest for failure to begin or complete the service obligation.

(d) Develop criteria for evaluating the likelihood that applicants for scholarships or loans would remain to practice their profession in designated areas deficient in primary care services.

(e) Develop application forms, which shall be disseminated to students from underrepresented groups interested in applying for scholarships or loans.

(f) Encourage private sector institutions, including hospitals, community clinics, and other health agencies to identify and provide educational experiences to students from underrepresented groups who are potential applicants to schools of medicine, dentistry, nursing, or other health professions.

(g) Prepare and submit an annual report to the office documenting the amount of money solicited from the private sector, the number of scholarships and loans awarded, the enrollment levels of students from underrepresented groups in schools of medicine, dentistry, nursing, and

other health professions, and the projected need for scholarships and loans in the future.

(h) Recommend to the director that a portion of the funds solicited from the private sector be used for the administrative requirements of the foundation.

(i) Implement the Steven M. Thompson Physician Corps Loan Repayment Program and the Volunteer Physician Program, as provided under Article 5 (commencing with Section 128550).

SEC. 5. Article 5 (commencing with Section 128550) is added to Chapter 5 of Part 3 of Division 107 of the Health and Safety Code, to read:

Article 5. California Physician Corps Program

128550. (a) There is hereby established within the Health Professions Education Foundation, the California Physician Corps Program.

(b) Commencing July 1, 2006, both of the following programs shall be transferred from the Medical Board of California to the California Physician Corps Program within the foundation and operated pursuant to this article:

(1) The Steven M. Thompson Physician Corps Loan Repayment Program.

(2) The Physician Volunteer Program developed by the Medical Board of California.

(c) The office may enter into an interagency agreement with the Medical Board of California to implement the transfer of programs as provided under subdivision (b).

128551. (a) It is the intent of this article that the Health Professions Education Foundation and the office provide the ongoing program management of the two programs identified in subdivision (b) of Section 128550 as a part of the California Physician Corps Program.

(b) For purposes of subdivision (a), the foundation shall consult with the Medical Board of California, Office of Statewide Planning and Development, and shall establish and consult with an advisory committee of not more than seven members, that shall include two members recommended by the California Medical Association and may include other members of the medical community, including ethnic representatives, medical schools, health advocates representing ethnic communities, primary care clinics, public hospitals, and health systems, statewide agencies administering state and federally funded programs targeting underserved communities, and members of the public with expertise in health care issues.

128552. For purposes of this article, the following definitions shall apply:

(a) "Account" means the Medically Underserved Account for Physicians established within the Health Professions Education Fund pursuant to this article.

(b) "Foundation" means the Health Professions Education Foundation.

(c) "Fund" means the Health Professions Education Fund.

(d) "Medi-Cal threshold languages" means primary languages spoken by limited-English-proficient (LEP) population groups meeting a numeric threshold of 3,000, eligible LEP Medi-Cal beneficiaries residing in a county, 1,000 Medi-Cal eligible LEP beneficiaries residing in a single ZIP Code, or 1,500 LEP Medi-Cal beneficiaries residing in two contiguous ZIP Codes.

(e) "Medically underserved area" means an area defined as a health professional shortage area in Part 5 of Subchapter A of Chapter 1 of Title 42 of the Code of Federal Regulations or an area of the state where unmet priority needs for physicians exist as determined by the California Healthcare Workforce Policy Commission pursuant to Section 128225.

(f) "Medically underserved population" means the Medi-Cal program, Healthy Families Program, and uninsured populations.

(g) "Office" means the Office of Statewide Health Planning and Development (OSHPD).

(h) "Physician Volunteer Program" means the Physician Volunteer Registry Program established by the Medical Board of California.

(i) "Practice setting" means either of the following:

(1) A community clinic as defined in subdivision (a) of Section 1204 and subdivision (c) of Section 1206, a clinic owned or operated by a public hospital and health system, or a clinic owned and operated by a hospital that maintains the primary contract with a county government to fulfill the county's role pursuant to Section 17000 of the Welfare and Institutions Code, which is located in a medically underserved area and at least 50 percent of whose patients are from a medically underserved population.

(2) A medical practice located in a medically underserved area and at least 50 percent of whose patients are from a medically underserved population.

(j) "Primary specialty" means family practice, internal medicine, pediatrics, or obstetrics/gynecology.

(k) "Program" means the Steven M. Thompson Physician Corps Loan Repayment Program.

(*l*) "Selection committee" means a minimum three-member committee of the board, that includes a member that was appointed by the Medical Board of California.

128553. (a) Program applicants shall possess a current valid license to practice medicine in this state issued pursuant to Section 2050 of the Business and Professions Code.

(b) The foundation, in consultation with those identified in subdivision (b) of Section 123551, shall use guidelines developed by the Medical Board of California for selection and placement of applicants until the office adopts other guidelines by regulation.

(c) The guidelines shall meet all of the following criteria:

(1) Provide priority consideration to applicants that are best suited to meet the cultural and linguistic needs and demands of patients from medically underserved populations and who meet one or more of the following criteria:

(A) Speak a Medi-Cal threshold language.

(B) Come from an economically disadvantaged background.

(C) Have received significant training in cultural and linguistically appropriate service delivery.

(D) Have three years of experience working in medically underserved areas or with medically underserved populations.

(E) Have recently obtained a license to practice medicine.

(2) Include a process for determining the needs for physician services identified by the practice setting and for ensuring that the practice setting meets the definition specified in subdivision (h) of Section 128552.

(3) Give preference to applicants who have completed a three-year residency in a primary specialty.

(4) Seek to place the most qualified applicants under this section in the areas with the greatest need.

(5) Include a factor ensuring geographic distribution of placements.

(d) (1) The foundation may appoint a selection committee that provides policy direction and guidance over the program and that complies with the requirements of subdivision (*l*) of Section 128552.

(2) The selection committee may fill up to 20 percent of the available positions with program applicants from specialties outside of the primary care specialties.

(e) Program participants shall meet all of the following requirements:

(1) Shall be working in or have a signed agreement with an eligible practice setting.

(2) Shall have full-time status at the practice setting. Full-time status shall be defined by the board and the selection committee may establish exemptions from this requirement on a case-by-case basis.

(3) Shall commit to a minimum of three years of service in a medically underserved area. Leaves of absence shall be permitted for serious illness, pregnancy, or other natural causes. The selection committee shall develop the process for determining the maximum permissible length of an

absence and the process for reinstatement. Loan repayment shall be deferred until the physician is back to full-time status.

(f) The office shall adopt a process that applies if a physician is unable to complete his or her three-year obligation.

(g) The foundation, in consultation with those identified in subdivision (b) of Section 128551, shall develop a process for outreach to potentially eligible applicants.

(h) The foundation may recommend to the office any other standards of eligibility, placement, and termination appropriate to achieve the aim of providing competent health care services in approved practice settings.

128554. (a) Any regulation adopted by the Medical Board of California relating to the administration of the program or the Physician Volunteer Program shall remain in effect and shall be deemed to be a regulation of the office. The office may thereafter amend or repeal any part of those regulations or adopt any other regulations it deems appropriate to implement this article 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.

(b) The adoption, amendment, repeal, or readoption of a regulation authorized by this section is deemed to be necessary for the immediate preservation of the public peace, health and safety, or general welfare, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the office is hereby exempted from the requirement that it describe specific facts showing the need for immediate action. For purposes of subdivision (e) of Section 11346.1 of the Government Code, the 120-day period, as applicable to the effective period of an emergency regulatory action and submission of specified materials to the Office of Administrative Law, is hereby extended to 180 days.

128555. (a) The Medically Underserved Account for Physicians is hereby established within the Health Professions Education Fund. The primary purpose of this account is to provide funding for the ongoing operations of the Steven M. Thompson Physician Corps Loan Repayment Program provided for under this article. This account also may be used to provide funding for the Physician Volunteer Program provided for under this article.

(b) All moneys in the Medically Underserved Account contained within the Contingent Fund of the Medical Board of California shall be transferred to the Medically Underserved Account for Physicians on July 1, 2006.

(c) Funds in the account shall be used to repay loans as follows per agreements made with physicians:

(1) Funds paid out for loan repayment may have a funding match from foundations or other private sources.

(2) Loan repayments may not exceed one hundred five thousand dollars ($105,000) per individual licensed physician.

(3) Loan repayments may not exceed the amount of the educational loans incurred by the physician participant.

(d) Notwithstanding Section 11105 of the Government Code, effective January 1, 2006, the foundation may seek and receive matching funds from foundations and private sources to be placed in the account. "Matching funds" shall not be construed to be limited to a dollar-for-dollar match of funds.

(e) Funds placed in the account for purposes of this article, including funds received pursuant to subdivision (d), are, notwithstanding Section 13340 of the Government Code, continuously appropriated for the repayment of loans.

(f) The account shall also be used to pay for the cost of administering the program and for any other purpose authorized by this article. The costs for administration of the program may be up to 5 percent of the total state appropriation for the program and shall be subject to review and approval annually through the state budget process. This limitation shall only apply to the state appropriation for the program.

(g) The office and the foundation shall manage the account established by this section prudently in accordance with the other provisions of law.

128556. The terms of loan repayment granted under this article shall be as follows:

(a) After a program participant has completed one year of providing services as a physician in a medically underserved area, up to twenty-five thousand dollars ($25,000) for loan repayment shall be provided.

(b) After a program participant has completed two consecutive years of providing services as a physician in a medically underserved area, an additional amount of loan repayment up to thirty-five thousand dollars ($35,000) shall be provided, for a total loan repayment of up to sixty thousand dollars ($60,000).

(c) After a program participant has completed three consecutive years of providing services as a physician in a medically underserved area, an additional amount of loan repayment up to forty-five thousand dollars ($45,000) shall be provided, for a total loan repayment of up to one hundred five thousand dollars ($105,000).

128557. (a) The foundation shall submit to the Legislature an annual report that includes all of the following:

(1) The number of program participants.

(2) The name and location of all practice settings with program participants.

(3) The amount expended for the program.

(4) Information on annual performance reviews by the practice settings and program participants.

(5) Status and statistics on the Physician Volunteer Program.

(b) The foundation shall include the information required in subdivision (a) in its annual report required pursuant to subdivision (g) of Section 128345.

128557.5. On or before January 1, 2010, the foundation, the office, the Medical Board of California, and the advisory committee described in Section 128551 shall evaluate the success of the programs' operation and the foundation's fundraising and shall make recommendations to the Legislature for improvements to the programs or for the programs to be carried out by another agency or a foundation to be established within the Medical Board of California.

128558. This article shall become operative on July 1, 2006.

SEC. 6. Section 2 of this act shall become operative July 1, 2006.

CHAPTER 318

An act to amend Sections 69980, 69981, 69982, 69983, 69984, 69986, 69989, 69990, 69992, 69993, and 89903 of, and to add Section 94103 to, the Education Code, to amend Section 10708 of the Public Contract Code, and to amend Section 1 of Chapter 402 of the Statutes of 2001, relating to postsecondary education, and making an appropriation therefor.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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) "Administrative fund" means the funds used to administer this article.

(b) "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.

(c) "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.

(d) "Board" means the Scholarshare Investment Board established pursuant to subparagraph (B) of paragraph (2) of subdivision (a) of Section 69984.

(e) "Golden State Scholarshare College Savings Trust" or "Scholarshare trust" means the trust created pursuant to this article.

(f) "Executive director" means the administrator of the Scholarshare trust appointed by the board to administer and manage the Scholarshare trust.

(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) "Investment manager" means a manager contracted to perform functions delegated by the board. "Investment management" means the functions performed by a manager contracted to perform functions delegated by the board.

(i) "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) or similar provisions adopted by another state, a state or local government agency, or a legal representative of a participant who has entered into a participation agreement pursuant to this article. "Participant" also means an account owner.

(j) "Participation agreement" means an agreement between a participant and the Scholarshare trust, pursuant to this article.

(k) "Program fund" means the program fund established by this article, 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. 1087l l, 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 69981 of the Education Code is amended to read:

69981. (a) There is hereby created an instrumentality of the State of California to be known as the Golden State Scholarshare College Savings Trust.

(b) The purposes, powers, and duties of the Scholarshare trust are vested in, and shall be exercised by, the board.

(c) The board, in the capacity of trustee, shall have the power and authority to do all of the following:

(1) Sue and be sued.

(2) Make and enter into contracts necessary for the administration of the Scholarshare trust.

(3) Adopt a corporate seal and change and amend it from time to time.

(4) Cause moneys in the program fund to be held and invested and reinvested.

(5) Enter into agreements with any institution of higher education or any federal or other state agency or other entity as required for the effectuation of its rights and duties.

(6) Accept any grants, gifts, appropriation, and other moneys from any unit of federal, state, or local government or any other person, firm, partnership, or corporation for deposit to the administrative fund or the program fund. Except as otherwise provided in Section 69982, the board may not accept any contribution by any nonpublic entity, person, firm, partnership, or corporation that is not designated for a specified beneficiary.

(7) Enter into participation agreements with participants, as set forth in Section 69983.

(8) Make payments to institutions of higher education pursuant to participation agreements on behalf of beneficiaries.

(9) Make refunds to participants upon the cancellation of participation agreements pursuant to the provisions, limitations, and restrictions set forth in this article.

(10) Appoint an executive director, who shall serve at the pleasure of the board, and determine the duties of the executive director and other staff as necessary and set their compensation. The board may authorize the executive director to enter into contracts on behalf of the board or conduct any business necessary for the efficient operation of the board.

(11) Make provisions for the payment of costs of administration and operation of the Scholarshare trust.

(12) Carry out the duties and obligations of the Scholarshare trust pursuant to this article and have any and all other powers as may be reasonably necessary for the effectuation of the purposes, objectives, and provisions of this article .

(d) The board shall adopt regulations as it deems necessary to implement this article and Article 20 (commencing with Section 69995) consistent with the federal Internal Revenue Code and regulations issued pursuant to that code to ensure that this program meets all criteria for federal tax-deferral or tax-exempt benefits, or both.

SEC. 3. Section 69982 of the Education Code is amended to read:

69982. In addition to the powers and authority granted pursuant to Section 69981, the board shall have the powers and authority 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 Scholarshare 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 board, that can be incurred by a beneficiary. The maximum investment level shall be published by the board 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) 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. 4. 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 board to be necessary.

(b) Beneficiaries designated in participation agreements may be designated from date of birth.

(c) Participants shall be informed that the execution of a participation agreement by the Scholarshare trust shall not guarantee in any way that higher education expenses will be equal to projections and estimates provided by the Scholarshare 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.

(d) Beneficiaries may be changed as permitted by the regulations of the board upon request of the participant, provided that the substitute beneficiary is eligible.

(e) Participation agreements shall be freely amended throughout their terms in order to enable participants to change the designation of beneficiaries and carry out similar matters.

(f) 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.

(g) All contributions to Scholarshare accounts shall be in cash.

SEC. 5. Section 69984 of the Education Code is amended to read:

69984. (a) (1) The board shall segregate moneys received by the Scholarshare trust into two funds, which shall be identified as the program fund and the administrative fund. Notwithstanding Section 13340 of the Government Code, the program fund is hereby continuously appropriated, without regard to fiscal years, to the board for the purposes of this article. Funds in the administrative fund shall be available for expenditure, upon appropriation, for the purposes specified in this article.

(2) (A) The board shall separately account for any moneys received by an entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code or a state or local government agency, depositing the money for the benefit of a beneficiary to be named later pursuant to the operation of a bona fide scholarship program.

(B) There is hereby created the Scholarshare Investment Board, that consists of the Treasurer, the Director of Finance, the Secretary of Education, a member of the Student Aid Commission appointed by the Governor, a member of the public appointed by the Governor, a representative from a California public institution of higher education appointed by the Senate Committee on Rules, and a representative from a California independent college or university or a state-approved college, university, or vocational/technical school appointed by the Speaker of the Assembly. The Treasurer shall serve as chair of the board. The board shall annually prepare and adopt a written statement of investment policy. The board shall consider the statement of investment policy and any changes in the investment policy at a public hearing. The board shall approve the investment management entity or entities consistent with subparagraph (D).

(C) Not later than 30 days after the close of each month, the investment manager shall place on file for public inspection during business hours a report with respect to investment performance. The investment manager shall report the following information, to the extent applicable, to the board within 30 days following the end of each month:

(i) The type of investment, name of the issuer, date of maturity, par and dollar amount invested in each security, investment, and money within the program fund.

(ii) The weighted average maturity of the investments within the program fund.

(iii) Any amounts in the program fund that are under the management of an investment manager.

(iv) The market value as of the date of the report and the source of this valuation for any security within the program fund.

(v) A description of the compliance with the statement of investment policy.

(D) Moneys in the program fund may be invested or reinvested by the Treasurer or may be invested in whole or in part under contract with an investment manager, as determined by the board.

(b) Transfers may be made from the program fund to the administrative fund for the purpose of paying operating costs associated with administering the Scholarshare trust and as required by this article. On an annual basis, expenditures from the administrative fund shall not exceed more than 1 percent of the total program fund. All costs of

administration of the Scholarshare trust shall be paid out of the administrative fund.

(c) All moneys paid by participants in connection with participation agreements shall be deposited as received into the program fund, and shall be promptly invested and accounted for separately. Deposits and interest thereon accumulated on behalf of participants in the program fund of the Scholarshare trust may be used for payments to any institution of higher education.

SEC. 6. 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 Scholarshare trust for the benefit of the beneficiary. Neither the contributions, nor any interest derived therefrom, may be pledged as collateral for any loan.

(b) If 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) The board shall develop adequate measures to prevent contributions on behalf of a designated beneficiary 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 Scholarshare trust shall pay the balance to the participant.

(f) The board 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) The board 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 Scholarshare trust that are not listed in this section shall be owned by the Scholarshare 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 article. 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 for a minor under the California Uniform Transfers to Minors Act (Part 9 (commencing with Section 3900) of Division 4 of the Probate Code) or similar provisions adopted by another state may enter into participation agreements in accordance with regulations adopted by the board.

SEC. 7. Section 69989 of the Education Code is amended to read:

69989. (a) The board shall submit an annual audited financial report, prepared in accordance with generally accepted accounting principles, on the operations of the Scholarshare trust by October 31 to the Governor, the Controller, the State Auditor, and the Legislature. The annual audit shall be made by an independent certified public accountant, and shall include, but need not be limited to, direct and indirect costs attributable to the use of outside consultants, independent contractors, and any other persons who are not state employees. Any contributions to the Scholarshare trust that are not directed to a specified beneficiary shall be accounted for and treated separately in the annual audit.

(b) The annual audit shall be supplemented by the following information prepared by the board:

(1) Any studies or evaluations prepared in the preceding year.

(2) A summary of the benefits provided by the Scholarshare trust, including the number of participants and beneficiaries in the Scholarshare trust.

(3) Any other information that is relevant in order to make a full, fair, and effective disclosure of the operations of the Scholarshare trust.

SEC. 8. Section 69990 of the Education Code is amended to read:

69990. (a) The board shall provide an annual listing of distributions to individuals with respect to an interest in a participation agreement to the Franchise Tax Board at a time and in a manner and form as specified by the Franchise Tax Board. The taxpayers' identification numbers obtained through the participation agreement process shall be used exclusively for state and federal tax administration purposes.

(b) The board shall make a report to the appropriate individual of any distribution to any individual with respect to an interest in a participation agreement, at a time and in a form and manner as required by the Franchise Tax Board.

(c) The board also shall report annually 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) Information on investments and education costs that participants can use to set savings goals and contribution amounts.

(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 board, 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. 9. Section 69992 of the Education Code is amended to read:

69992. The board shall aggressively market this program to the citizens of the State of California. The board shall include in its marketing efforts information designed to educate citizens about the benefits of saving for higher education and information to help them decide the level of Scholarshare participation and the combination of savings strategies that may be appropriate for them. The board shall also develop a mechanism to keep participants in this program motivated about their current and future academic endeavors.

SEC. 10. Section 69993 of the Education Code is amended to read:

69993. Funding for startup and first-year administrative costs shall be appropriated from the General Fund in the annual Budget Act. The

board shall repay, within five years, the amount appropriated, plus interest calculated at the rate earned by the Pooled Money Investment Account. Necessary administrative costs in future years shall be paid out of the administrative fund.

SEC. 11. Section 89903 of the Education Code is amended to read:

89903. (a) (1) Each auxiliary organization formed pursuant to this article shall have a board of directors composed, both as to size and categories of membership, in accordance with regulations established by the Trustees of the California State University.

(2) If, in any fiscal year, a majority of the funding of the auxiliary organization is received from student fees collected on a campus or systemwide, at least a majority of the board of directors of that auxiliary organization shall consist of California State University students with full voting privileges on that board. This paragraph shall only be applicable to effectuate a change in the membership of a board of directors of an auxiliary organization if the trustees determine that there is no legal or contractual barrier to changing the governing structure of that organization. In the event that the trustees determine that there is a legal or contractual barrier to changing the governing structure of an auxiliary organization, information relating to that determination shall be reported, in a timely manner, to that auxiliary organization and any affected student body organization.

(b) Each governing board shall, during each fiscal year, hold at least one business meeting in accordance with Article 2 (commencing with Section 89920). The board shall have the benefit of the advice and counsel of at least one attorney admitted to practice law in this state and at least one licensed certified public accountant. Neither the attorney at law nor the certified public accountant need be members of the board.

(c) No auxiliary organization shall accept any grant, contract, bequest, trust, or gift, unless it is so conditioned that it may be used only for purposes consistent with policies of the trustees.

SEC. 12. Section 94103 is added to the Education Code, to read:

94103. (a) Notwithstanding any other provision of law, no city, county, city and county, district, or other local jurisdiction shall operate, or request or authorize another entity, including, but not necessarily limited to, a corporation, either directly or through an intermediary, to do either of the following:

(1) Finance, or purchase or take assignments of, or make commitments to finance, any loan, or otherwise acquire any student loan note, including, but not necessarily limited to, any loan guaranteed under the Federal Family Education Loan Program established under Title IV of the federal Higher Education Act of 1965, that is made to finance or refinance the costs of attendance at any institution of higher education,

including any public and nonprofit private or independent degree-granting educational institution.

(2) Issue bonds, notes, debentures, or other securities involving any loan, including, but not necessarily limited to, any loan guaranteed under the Federal Family Education Loan Program established under Title IV of the federal Higher Education Act of 1965, that is made to finance or refinance the costs of attendance at any institution of higher education, including any public and nonprofit private or independent degree-granting educational institution.

(b) Any entity that, as of January 1, 2006, is not qualified to be awarded an allocation of the state's annual private activity volume cap to issue qualified scholarship funding bonds, as defined in subsection (d) of Section 150 of Title 26 of the United States Code as it exists on January 1, 2006, shall obtain approval from the authority to operate as a qualified scholarship funding corporation within the meaning of subsection (d) of Section 150 of Title 26 of the United States Code as it exists on January 1, 2006.

SEC. 13. Section 10708 of the Public Contract Code is amended to read:

10708. (a) When, in the opinion of the trustees, the best interests of the California State University dictate, the trustees may enter into an agreement with a contractor to provide all or significant portions of the design services and construction of a project under this chapter. The contractor shall design the project pursuant to the scope of services set forth in the request for proposals, build the project, and present the completed project to the trustees for their approval and acceptance.

(b) Work under this section shall be carried out by a contractor chosen by a competitive bidding process that employs selection criteria in addition to cost. Any design work performed pursuant to this section shall be prepared and signed by an architect certificated pursuant to Chapter 3 (commencing with Section 5500) of Division 3 of the Business and Professions Code.

(c) When the design of portions of the project permits the selection of subcontractors, the contractor shall competitively bid those portions. The contractor shall provide to the trustees a list of subcontractors whose work is in excess of one-half of 1 percent of the total project cost as soon as the subcontractors are identified. Once listed, the subcontractors shall have the rights provided in the Subletting and Subcontracting Fair Practices Act (Chapter 4 (commencing with Section 4100) of Part 1).

SEC. 14. Section 1 of Chapter 402 of the Statutes of 2001 is amended to read:

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

(1) In 1995 the state purchased 262 acres of land in Ventura County, known as the Lemon Orchard Parcel, for the purpose of establishing a new campus of the California State University.

(2) In 1997, prior to the development of a new California State University campus on the Lemon Orchard Parcel, the Legislature expressed its intent, pursuant to Senate Bill 623 (Chapter 914) that the land and improvements comprising the Camarillo State Hospital be transferred to the trustees to be developed and improved as a campus of the California State University.

(3) The trustees officially opened the new California State University, Channel Islands (CSUCI) campus on August 16, 2002, and developed a master plan for a projected enrollment of 15,000 full-time equivalent students by 2025.

(4) In developing the master plan for CSUCI, the trustees have approved an environmental impact report (EIR) in accordance with the California Environmental Quality Act that provides for a more direct new entry road across land proposed to be acquired in order to provide a needed second route for access to the campus and to address safety issues related to the existing long, narrow, and winding entry road.

(5) The County of Ventura has commenced construction of an off-ramp grade separated intersection at the location of the proposed new entry road's intersection with county owned Lewis Road. CSUCI must construct its entry road in that location in order to connect to the county off-ramp and intersection with Lewis Road.

(6) As the original purchase of the Lemon Orchard Parcel was intended by the Legislature to be used for the establishment of a campus of the California State University, and as the Lemon Orchard Parcel must be sold or exchanged and the proceeds used to carry out the intent of the Legislature and to protect the health and safety of the people, the Lemon Orchard Parcel is not surplus to the needs of the California State University and is therefore not surplus state property.

(b) Notwithstanding any other provision of law, the Trustees of the California State University may exchange or sell all or a portion of the 262-acre parcel of property known as the Lemon Orchard Parcel under the jurisdiction of and maintained by California State University, Channel Islands, and that is located approximately eight miles northwest of the campus of California State University, Channel Islands. The trustees may use the proceeds of a sale made pursuant to this subdivision to acquire a parcel bounded by Lewis Road on the northwest, California State University, Channel Islands, and the Camrosa Water District on the south, and farmlands on the northeast and east, or to meet the commitments made in the EIR.

(c) Any exchange or sale of properties carried out pursuant to this section shall be for no less than fair market value for the Lemon Orchard Parcel, and for no more than fair market value for any land acquired, as determined by an independent appraisal. Compensation for the Lemon Orchard Parcel may include land, or a combination of land and money.

(d) Notwithstanding any other provision of law, any exchange, acquisition, or sale of properties carried out pursuant to this section shall be subject to the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code).

(e) Notwithstanding Section 13340 of the Government Code or any other provision of law, any funds received from the transaction authorized by this section shall be held in trust and used either for the acquisition of the parcel bounded by Lewis Road on the northwest, by CSUCI and Camrosa Water District on the south, and farmlands on the north and northeast, or to meet the commitments made in the EIR, and are hereby appropriated to the trustees for expenditure, without regard to fiscal years, for acquisition of land and construction and capital development of projects that meet the commitments made in the EIR and are eligible for state support, following review and approval by the Department of Finance. The expenditure of funds received under this section shall be for projects that are consistent with the master plan of the campus for which the project is proposed. Any funds received under this subdivision that are not encumbered prior to January 1, 2012, shall revert to the General Fund.

CHAPTER 319

An act to add Article 4 (commencing with Section 345) to Chapter 5 of Part 1 of Division 2 of the Military and Veterans Code, relating to the state militia.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. It is the intent of the Legislature to ensure that all California National Guard reservists and military personnel, when called into federal active status, receive the same military combat disability compensation that is provided to regular active military service personnel that are injured in combat.

SEC. 2. Article 4 (commencing with Section 345) is added to Chapter 5 of Part 1 of Division 2 of the Military and Veterans Code, to read:

Article 4. State Militia Disability Equality Act

345. This article shall be known and may be cited as the State Militia Disability Equality Act.

346. (a) When any officer, warrant officer, or enlisted member of the California National Guard or the organized militia who is not in active service in this state is wounded, injured, or disabled in the line of duty when performing military duty of any nature under Title 10 or Title 32 of the United States Code, the Military Department shall determine both of the following amounts:

(1) The amount of disability benefits to which a member of the United States Armed Forces of the same or equivalent rank would be entitled from the federal government as a result of a comparable wound, injury, or disability.

(2) The amount of disability benefits to which the officer, warrant officer, or enlisted member is entitled from the federal government as a result of the wound, injury, or disability.

(b) If the Military Department determines that the amount described in paragraph (1) of subdivision (a) is greater than the amount described in paragraph (2) of subdivision (a), that department shall, upon an appropriation of funds to the department by the Legislature for this purpose, provide to the officer, warrant officer, or enlisted member an amount equal to the difference between those two amounts.

CHAPTER 320

An act to amend Section 76355 of the Education Code, relating to community colleges.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

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

(a) Student health promotes student success. Colleges and universities in California appropriately provide student health services as part of their overall student service programs. These services help to protect both the students' and the state's investment in higher education.

(b) The California Community Colleges system does not have sufficient funds to provide adequate student health services. One source of funding is a student health fee of approximately thirteen dollars ($13) per term. The available funding is declining due to a rapid increase in the number of students who are not required to pay any enrollment fees or the modest health fee.

(c) Allowing districts to charge a health fee for students who do not pay enrollment fees will provide greater stability for community college health services at this critical time.

SEC. 2. Section 76355 of the Education Code is amended to read:

76355. (a) (1) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars ($10) for each semester, seven dollars ($7) for summer school, seven dollars ($7) for each intersession of at least four weeks, or seven dollars ($7) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

(2) The governing board of each community college district may increase this fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar ($1) above the existing fee, the fee may be increased by one dollar ($1).

(b) If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

(c) The governing board of a district maintaining a community college shall adopt rules and regulations that exempt the following students from any fee required pursuant to subdivision (a):

(1) Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

(2) Students who are attending a community college under an approved apprenticeship training program.

(d) (1) All fees collected pursuant to this section shall be deposited in the fund of the district designated by the California Community Colleges Budget and Accounting Manual. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors.

(2) Authorized expenditures shall not include, among other things, athletic trainers' salaries, athletic insurance, medical supplies for athletics, physical examinations for intercollegiate athletics, ambulance services,

the salaries of health professionals for athletic events, any deductible portion of accident claims filed for athletic team members, or any other expense that is not available to all students. No student shall be denied a service supported by student health fees on account of participation in athletic programs.

(e) Any community college district that provided health services in the 1986–87 fiscal year shall maintain health services, at the level provided during the 1986–87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the district.

(f) A district that begins charging a health fee may use funds for startup costs from other district funds, and may recover all or part of those funds from health fees collected within the first five years following the commencement of charging the fee.

(g) The board of governors shall adopt regulations that generally describe the types of health services included in the health service program.

CHAPTER 321

An act to amend Section 481.5 of, and to repeal Section 393 of, the Insurance Code, relating to insurance premiums.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 393 of the Insurance Code is repealed.

SEC. 2. Section 481.5 of the Insurance Code is amended to read:

481.5. (a) Whenever a policy of personal lines insurance terminates for any reason, or there is a reduction in coverage, the insurer shall tender the gross unearned premium resulting from the termination, or the amount of the unearned premium generated by the reduction in coverage, resulting from the termination, or the amount of the unearned premium generated by the reduction in coverage, to the insured or, pursuant to Section 673, to the insured's premium finance company. The gross unearned premium shall be tendered within 25 business days after the insurer either receives notice of the event that generated the gross unearned premium, or receives notice from a premium finance company of a cancellation.

(b) (1) Whenever a policy other than a policy of personal lines insurance terminates for any reason, or there is a reduction in coverage, the gross unearned premium shall be tendered to the insured or, pursuant to Section 673, to the insured's premium finance company. If the policy is not auditable, the gross unearned premium shall be tendered within 80 business days after the insurer either receives notice of the event that generated the gross unearned premium, or receives notice from a premium finance company of a cancellation. If the policy is auditable, the gross unearned premium shall be tendered within 80 business days after the insured provides all requested audit information to the insurer or the insurer's designee.

(2) Notwithstanding paragraph (1), an insurer shall not be required to tender the unearned premium within 80 business days if the final unearned premium amount cannot be determined due to the insured's failure, in breach of a policy requirement, to cooperate with the insurer in a premium audit, or if the amount of the unearned premium determined by a premium audit remains in dispute.

(c) An insurer may tender gross or net unearned premium to an agent or broker, or net unearned premium to a finance company, but shall remain liable to the insured or finance company for payment of any portion of the gross unearned premium that the agent or broker fails to remit to the insured or premium finance company.

(d) Any unearned premium that an insurer fails to tender within the time periods specified in subdivisions (a) and (b) shall bear interest at the rate of 10 percent per annum from and after the date on which the unearned premium was required to be tendered. For the purposes of this section, the tender of any unearned premium to the insured or premium finance company shall be deemed complete upon the deposit of the unearned premium in the United States mail, prepaid, addressed to the named insured or premium finance company at the last known address, or to an agent or broker with an assignment pursuant to paragraph (1) of subdivision (g).

(e) For the purpose of this section, the following definitions apply:

(1) "Gross unearned premium" means the unearned portion of the full amount of the premium charged to the insured, including the unearned portion of any amount of the premium the insurer allocated to an agent or broker as commission.

(2) "Net unearned premium" means the gross unearned premium minus the unearned commission.

(3) "Policy of personal lines insurance" means an insurance policy that is designed for and bought by individuals, and includes, but is not limited to, homeowners' and automobile policies.

(f) The interest penalty required by this section shall not apply to any insurer in conservatorship or liquidation, nor shall such an insurer be subject to any other penalty for failure to remit unearned premium in accordance with the time periods required by this section.

(g) (1) An assignment by an insured to an agent or broker of the insured's right to receive unearned premium shall be valid only for the purpose set forth in Section 1735.5.

(2) If the insured notifies the insurer, 25 or more days after the insurer's tender of unearned premium to an agent or broker with an assignment pursuant to paragraph (1), that the agent or broker has failed to issue to the insured an accounting of an offset permitted by Section 1735.5, the insurer shall, within an additional 15 days, either tender the unearned premium directly to the insured or provide the insured with the agent's or broker's accounting of the offset permitted by Section 1735.5.

(3) Whenever an insurer tenders the net rather than gross unearned premium to an agent or broker or premium finance company, the insurer shall contemporaneously notify the agent or broker of the amount of the unearned commission.

(4) If an insurer elects to tender the net rather than the gross unearned premium to a premium finance company, the insurer shall document that the agent or broker tendered unearned commission to the premium finance company within the period required under subdivision (a) or (b) after the insurer either receives notice of the event that generated the unearned premium, or receives notice from a premium finance company of a cancellation.

(h) Whenever an agent or broker receives a refund from a premium finance company, the agent or broker shall tender that money to the insured within 25 days. Whenever an agent or broker with an assignment from the insured receives unearned premium from an insurer, the agent or broker shall account to the insured for any offset permitted by Section 1735.5 within 25 days. If the agent or broker fails to tender payment of any remaining unearned premium after the offset within 25 days, the agent or broker shall pay the insured interest at the rate of 10 percent per annum from and after the 26th day after the agent or broker receives the refund.

(i) In addition to the required unearned premium refund, an insurer shall provide both the insured and the agent or broker, upon the request of either, with an accounting and explanation of how the amount of the refund was calculated. The explanation shall be clear, concise, and easy to comprehend. The commissioner may adopt regulations setting forth standards to govern this subdivision.

(j) For purposes of subdivisions (a) to (c), inclusive, if the unearned premium is not assigned as security to a premium finance agency pursuant to a premium finance agreement and the amount of unearned premium is less than twenty-five dollars ($25), tender of unearned premium shall include applying the amount of unearned premium either to the renewal premium at the next renewal date or to other premiums due, provided written notice of either application is given to the insured within 30 days after the endorsement, rejection, declination, cancellation, or surrender of a policy of insurance. At the time of endorsement or surrender of a policy of insurance or, within 15 days after the mailing of the written notice required by this subdivision, the insured may request in writing that the unearned premium be tendered as provided in subdivisions (a) to (c), inclusive. Whenever the amount of unearned premium is less than five dollars ($5), tender shall be effective and the written notice required by this subdivision shall not be required if the unearned premium is applied either to the renewal premium at the next renewal date or to other premiums due.

(k) Notwithstanding subdivisions (a) to (c), inclusive, an insurer may at any time solicit the insured's consent, or may in its policy reserve the right, to apply the unearned premium generated by an amendment or endorsement removing or reducing coverage for an insured person or property to the balance owed on the policy as a whole, rather than tendering a refund of the unearned premium. This subdivision shall not apply if the unearned premium is assigned as security to a premium finance company.

(*l*) The amount of unearned premium required to be refunded by an insurer pursuant to this section shall not exceed the amount paid to the insurer by the insured or by a premium finance company.

CHAPTER 322

An act to add Sections 1243, 20343, 31563, and 45310.3 to the Government Code, relating to elected public officers.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 1243 is added to the Government Code, to read:

1243. (a) This section shall apply to any elected public officer who takes public office, or is reelected to public office, on or after January 1, 2006.

(b) If an elected public officer is convicted during or after holding office of any felony involving accepting or giving, or offering to give, any bribe, the embezzlement of public money, extortion or theft of public money, perjury, or conspiracy to commit any of those crimes arising directly out of his or her official duties as an elected public officer, he or she shall forfeit all rights and benefits under, and membership in, any public retirement system in which he or she is a member, effective on the date of final conviction.

(c) The elected public officer described in subdivision (b) shall forfeit only that portion of his or her rights and benefits that accrued on or after January 1, 2006, on account of his or her service in the elected public office held when the felony occurred.

(d) Any contributions made by the elected public officer described in subdivision (b) to the public retirement system that arose directly from or accrued solely as a result of his or her forfeited service as an elected public officer shall be returned, without interest, to the public officer.

(e) The public agency that employs an elected public officer described in subdivision (b) shall notify the public retirement system in which the officer is a member of the officer's conviction.

(f) An elected public officer shall not forfeit his or her rights and benefits pursuant to subdivision (b) if the governing body of the elected public officer's employer, including, but not limited to, the governing body of a city, county, or city and county, authorizes the public officer to receive those rights and benefits.

(g) For purposes of this section, "public officer" means an officer of the state, or an officer of a county, city, city and county, district, or authority, or any department, division, bureau, board, commission, agency, or instrumentality of any of these entities.

(h) This section applies to any person appointed to service for the period of an elected public officer's unexpired term of office.

SEC. 2. Section 20343 is added to the Government Code, to read:

20343. Notwithstanding Section 21259, a person ceases to be a member for any portion of his or her service as an elected public officer that is forfeited pursuant to Section 1243.

SEC. 3. Section 31563 is added to the Government Code, to read:

31563. Notwithstanding any other provision of law, a person ceases to be a member for any portion of his or her service as an elected public officer that is forfeited pursuant to Section 1243.

SEC. 4. Section 45310.3 is added to the Government Code, to read:

45310.3. Notwithstanding any other provision of law, a person ceases to be a member for any portion of his or her service as an elected public officer that is forfeited pursuant to Section 1243.

CHAPTER 323

An act to add Sections 473, 9955, 21720, and 21721 to the Vehicle Code, relating to vehicles.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 473 is added to the Vehicle Code, to read:

473. (a) A "pocket bike" is a two-wheeled motorized device that has a seat or saddle for the use of the rider, and that is not designed or manufactured for highway use. "Pocket bike" does not include an off-highway motorcycle, as defined in Section 436.

(b) For purposes of this section, a vehicle is designed for highway use if it meets the applicable Federal Motor Vehicle Safety Standards, as contained in Title 49 of the Code of Federal Regulations, and is equipped in accordance with the requirements of this code.

SEC. 2. Section 9955 is added to the Vehicle Code, to read:

9955. (a) A manufacturer of a pocket bike shall affix on the pocket bike a sticker with a disclosure stating that the device is prohibited from being operated on a sidewalk, roadway, or any part of a highway, or on a bikeway, bicycle path or trail, equestrian trail, hiking or recreational trail, or on public lands open to off-highway motor vehicle use.

(b) The disclosure required under subdivision (a) shall meet both of the following requirements:

(1) Be printed in not less than 14-point boldface type on a sticker that contains only the disclosure.

(2) Include the following statement:

"THE POCKET BIKE YOU HAVE PURCHASED OR OBTAINED IS STRICTLY PROHIBITED FROM BEING OPERATED ON A SIDEWALK, ROADWAY, OR ANY OTHER PART OF A HIGHWAY, OR ON A BIKEWAY, BICYCLE PATH OR TRAIL, EQUESTRIAN TRAIL, HIKING OR RECREATIONAL TRAIL, OR ON PUBLIC LANDS OPEN TO OFF-HIGHWAY VEHICLE USE. A VIOLATION OF THIS REGULATION MAY RESULT IN PROSECUTION AND SEIZURE OF THE DEVICE."

SEC. 3. Section 21720 is added to the Vehicle Code, to read:

21720. A pocket bike shall not be operated on a sidewalk, roadway, or any other part of a highway, or on a bikeway, bicycle path or trail, equestrian trail, hiking or recreational trail, or on public lands open to off-highway motor vehicle use.

SEC. 4. Section 21721 is added to the Vehicle Code, to read:

21721. (a) A peace officer, as defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, may cause the removal and seizure of a pocket bike, upon the notice to appear for a violation of Section 21720. A pocket bike so seized shall be held for a minimum of 48 hours.

(b) A violator of this section shall be responsible for all costs associated with the removal, seizure, and storage of the pocket bike.

(c) A city, county, or city and county may adopt a regulation, ordinance, or resolution imposing charges equal to its administrative costs relating to the removal, seizure, and storage costs of a pocket bike. The charges shall not exceed the actual costs incurred for the expenses directly related to removing, seizing, and storing a pocket bike.

(d) An agency shall release a seized pocket bike to the owner, violator, or the violator's agent after 48 hours, if all of the following conditions are met:

(1) The violator or authorized agent's request is made during normal business hours.

(2) The applicable removal, seizure, and storage costs have been paid by the owner, or any other responsible party.

CHAPTER 324

An act to add Section 34520.3 to the Vehicle Code, relating to vehicles.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 34520.3 is added to the Vehicle Code, to read:

34520.3. (a) For the purposes of this section, a "school transportation vehicle" is a vehicle that is not a schoolbus, school pupil activity bus, or youth bus, and is used by a school district or county office of education for the primary purpose of transporting children.

(b) A school district or county office of education that employs drivers to drive a school transportation vehicle, and the driver of those vehicles,

who are not otherwise required to participate in a testing program of the United States Secretary of Transportation, shall participate in a program that is consistent with the controlled substances and alcohol use and testing requirements of the United States Secretary of Transportation that apply to schoolbus drivers and are set forth in Part 382 (commencing with Section 382.101) of, and Sections 392.5(a)(1) and (3) of, Title 49 of the Code of Federal Regulations.

(c) It is the intent of the Legislature that this section be implemented in a manner that does not require a school district or county office of education to administer a program for drivers of school transportation vehicles that imposes controlled substance and alcohol use and testing requirements greater than those applicable to school bus drivers under existing law.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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

CHAPTER 325

An act to amend and repeal Section 18552 of the Health and Safety Code, relating to mobilehome parks.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 18552 of the Health and Safety Code, as amended by Section 3 of Chapter 622 of the Statutes of 2004, is amended to read:

18552. (a) The department shall adopt and submit building standards for approval pursuant to Chapter 4 (commencing with Section 18935)

of Part 2.5, and the department shall adopt other regulations for manufactured home or mobilehome accessory buildings or structures. The regulations adopted by the department shall provide for the construction, location, and use of manufactured home or mobilehome accessory buildings or structures to protect the health and safety of the occupants and the public, and shall be enforced by the appropriate enforcement agency.

(b) Notwithstanding Section 1338 of Title 25 of the California Code of Regulations, a manufactured home may be installed above 5,000 feet in elevation at the option of the owner of the home and after approval by the park operator only if the installation is consistent with one of the following:

(1) If the manufactured home does not have the capacity to resist the minimum snow loads as established for residential buildings by local ordinance, the home must have the capacity to resist a roof live load of at least 60 pounds per square foot and may only be installed in a mobilehome park that has and is operating an approved snow load maintenance program. The installation shall comply with all other applicable requirements of this part and the regulations adopted pursuant to this part and shall be approved by the enforcement agency. The approval of the snow load maintenance program shall be identified on the permit to operate.

(2) If the manufactured home does not have the capacity to resist the minimum snow loads established by local ordinance for residential buildings, the home may only be installed if it is protected by a ramada designed to resist the minimum snow loads established by local ordinance and constructed pursuant to this part and regulations adopted pursuant to this part. The plans and specifications for the construction of the ramada and the installation of the home shall be approved by the enforcement agency.

(3) If a manufactured home has the capacity to resist the minimum snow loads established by local ordinance for residential buildings, an approved snow load maintenance program or ramada is not required for that home.

(c) Before installing a manufactured home pursuant to paragraph (1) of subdivision (b), the operator of a park shall request and obtain approval from the enforcement agency of its existing or proposed snow roof load maintenance program. The enforcement agency's approval shall be based on relevant factors identified in the regulations of the department and shall include, but not be limited to, the types of maintenance to be used to control or remove snow accumulation and the capacity and capability of personnel and equipment proposed to satisfactorily perform the snow roof load program. The request for approval shall specify the type of

maintenance to be used to control snow accumulation and shall demonstrate the capacity and capability of necessary personnel or its equivalent to satisfactorily perform the snow roof load maintenance program.

(d) Notwithstanding Section 1433 of Title 25 of the California Code of Regulations, a cabana may be installed in a park above 5,000 feet in elevation only if it has the capacity to resist the minimum snow load requirements established by local ordinance for residential buildings.

SEC. 2. Section 18552 of the Health and Safety Code, as added by Section 4 of Chapter 622 of the Statutes of 2004, is repealed.

SEC. 3. (a) It is the intent of the Legislature in enacting Section 1 of this act to require the revision of changes that relate to minimum roof live load requirements for manufactured homes installed at elevations above 5,000 feet in Sections 1338 and 1433 of Title 25 of the California Code of Regulations, and for which a certificate of compliance was filed on July 7, 2004, in order to conform with this act.

(b) It is the intent of the Legislature that the regulations adopted by the Department of Housing and Community Development to implement and interpret the changes enacted in Section 1 of this act be deemed to be editorial changes pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of the Government Code), if they are amendments, repeals, or adoptions that are substantially the same in content as the provisions of Section 1 of this act.

CHAPTER 326

An act to amend Section 483.5 of the Penal Code, relating to identification documents.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 483.5 of the Penal Code is amended to read:

483.5. (a) No deceptive identification document shall be manufactured, sold, offered for sale, furnished, offered to be furnished, transported, offered to be transported, or imported or offered to be imported into this state unless there is diagonally across the face of the document, in not less than 14-point type and printed conspicuously on the document in permanent ink, the following statement:

NOT A GOVERNMENT DOCUMENT

and, also printed conspicuously on the document, the name of the manufacturer.

(b) No document-making device may be possessed with the intent that the device will be used to manufacture, alter, or authenticate a deceptive identification document.

(c) As used in this section, "deceptive identification document" means any document not issued by a governmental agency of this state, another state, the federal government, a foreign government, a political subdivision of a foreign government, an international government, or an international quasi-governmental organization, which purports to be, or which might deceive an ordinary reasonable person into believing that it is, a document issued by such an agency, including, but not limited to, a driver's license, identification card, birth certificate, passport, or social security card.

(d) As used in this section, "document-making device" includes, but is not limited to, an implement, tool, equipment, impression, laminate, card, template, computer file, computer disk, electronic device, hologram, laminate machine or computer hardware or software.

(e) Any person who violates or proposes to violate this section may be enjoined by any court of competent jurisdiction. Actions for injunction under this section may be prosecuted by the Attorney General, any district attorney, or any city attorney prosecuting on behalf of the people of the State of California under Section 41803.5 of the Government Code in this state in the name of the people of the State of California upon their own complaint or upon the complaint of any person.

(f) Any person who violates the provisions of subdivision (a) who knows or reasonably should know that the deceptive identification document will be used for fraudulent purposes is guilty of a crime, and upon conviction therefor, shall be punished by imprisonment in the county jail not to exceed one year, or by imprisonment in the state prison. Any person who violates the provisions of subdivision (b) is guilty of a misdemeanor punishable by imprisonment in a county jail not exceeding one year, or by a fine not exceeding one thousand dollars ($1,000), or by both imprisonment and a fine. Any document-making device may be seized by law enforcement and shall be forfeited to law enforcement or destroyed by order of the court upon a finding that the device was intended to be used to manufacture, alter, or authenticate a deceptive identification document. The court may make such a finding in the absence of a defendant for whom a bench warrant has been issued by the court.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs

that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 327

An act to add and repeal Section 678.3 to the Insurance Code, relating to insurer liability.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 678.3 is added to the Insurance Code, to read:

678.3. (a) There shall be no liability on the part of, and no cause of action of any nature shall arise against, any insurer which issues professional liability insurance policies to health care providers or its authorized representatives, agents, or employees, or any licensed insurance agent or broker, for any statement made, unless shown to have been made in bad faith, by any of them in any of the following:

(1) A written notice of nonrenewal, or any other oral or written communication specifying the reasons for nonrenewal of a policy issued to a health care provider.

(2) Any communication providing information pertaining to the nonrenewal.

(3) Evidence submitted at any court proceeding or informal inquiry in which the nonrenewal is an issue.

(b) This section shall apply only to nonrenewals for which written notice is provided by the insurer on or after January 1, 2006.

(c) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

CHAPTER 328

An act to amend Sections 20098, 20163, 20281.5, 20340, 20752, 20908, 21151, 21220, 21221, 21224, 21225, 21226, 21227, 21359,

21492, 21540.5, 21582, 22009.1, 22150, 22155, 22202, 22203, 22208, 22302, 22308, 22560, 22873, 22874, 22875, 22876, 22892, 22958, and 75071 of, and to add Sections 21690, 21691, 21692, 22009.03, and 22156 to, the Government Code, relating to public employees' benefits, and making an appropriation therefor.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 20098 of the Government Code is amended to read:

20098. (a) The board shall appoint and, notwithstanding Sections 19816, 19825, 19826, 19829, and 19832 shall fix the compensation of an executive officer, a chief actuary, a chief investment officer, and other investment officers and portfolio managers whose positions are designated managerial pursuant to Section 18801.1.

(b) The executive officer, deputy executive officers, and the assistant executive officers may administer oaths.

(c) When fixing the compensation for the positions specified in subdivision (a), the board shall be guided by the principles contained in Sections 19826 and 19829, consistent with its fiduciary responsibility to its members to recruit and retain highly qualified and effective employees for these positions.

(d) When a position specified in subdivision (a) is filled through a general civil service appointment, it shall be filled from an eligible list based on an examination that was held on an open basis, and tenure in the position shall be subject to the provisions of Article 2 (commencing with Section 19590) of Chapter 7 of Part 2 of Division 5 of Title 2. In addition to the causes for action specified in that article, the board may take action under the article for causes related to its fiduciary responsibility to its members, including the employee's failure to meet specified performance objectives.

(e) An individual who held a position designated in subdivision (a) for less than five years may not, for a period of two years after leaving that position, for compensation, act as agent or attorney for, or otherwise represent, any other person, except the state, by making any formal or informal appearance before or any oral or written communication to the Public Employees' Retirement System, or any officer or employee thereof, if the appearance or communication is made for the purpose of influencing administrative or legislative action or any action or proceeding involving the issuance, amendment, awarding, or revocation

of a permit, license, grant, contract, or sale or purchase of goods or property.

SEC. 2. Section 20163 of the Government Code is amended to read:

20163. If more or less than the correct amount of contribution required of members, the state, or any contracting agency, is paid, proper adjustment shall be made in connection with subsequent payments, or the adjustments may be made by direct cash payments between the member, state, or contracting agency concerned and the board or by adjustment of the employer's rate of contribution. Adjustments to correct any other errors in payments to or by the board, including adjustments of contributions, with interest, that are found to be erroneous as the result of corrections of dates of birth, may be made in the same manner. Adjustments to correct overpayment of a retirement allowance may also be made by adjusting the allowance so that the retired person or the retired person and his or her beneficiary, as the case may be, will receive the actuarial equivalent of the allowance to which the member is entitled. Losses or gains resulting from error in amounts within the limits set by the Victim Compensation and Government Claims Board for automatic writeoff, and losses or gains in greater amounts specifically approved for writeoff by the Victim Compensation and Government Claims Board, shall be debited or credited, as the case may be, to the reserve against deficiencies in interest earned in other years, losses under investments, and other contingencies.

No adjustment shall be made because less than the correct amount of normal contributions was paid by a member if the board finds that the error was not known to the member and was not the result of erroneous information provided by him or her to this system or to his or her employer and the failure to adjust shall not preclude action under Section 20160 correcting the date upon which the person became a member.

The actuarial equivalent under this section shall be computed on the basis of the mortality tables and actuarial interest rate in effect under this system on December 1, 1970, for retirements effective through December 31, 1979. Commencing with retirements effective January 1, 1980, and at corresponding 10-year intervals thereafter, or more frequently at the board's discretion, the board shall change the basis for calculating actuarial equivalents under this article to agree with the interest rate and mortality tables in effect at the commencement of each 10-year or succeeding interval.

SEC. 3. Section 20281.5 of the Government Code is amended to read:

20281.5. (a) Notwithstanding Section 20281, a person who becomes a state miscellaneous or state industrial member of the system on or after the effective date of this section because the person is first employed by

the state and qualifies for membership shall be subject to the provisions of this section.

(b) Members subject to this section shall not accrue credit for service in the system and shall not make employee contributions to the system, including the contributions set forth in Section 20677.4, for employment with the state until the first day of the first pay period commencing 24 months after becoming a member of the system.

(c) Notwithstanding subdivision (a), this section shall not apply to any of the following:

(1) Persons who are already members or annuitants of the system at the time they are first employed by the state.

(2) Employees of the California State University, or the legislative or judicial branch of state government.

(3) Members of the Judges' Retirement System, the Judges' Retirement System II, the Legislators' Retirement System, the State Teachers' Retirement System, or the University of California Retirement Plan.

(4) Persons who are members of a reciprocal retirement system and whose employment was subject to a reciprocal retirement system within the six months prior to membership in this system.

(5) Persons whose service is not included in the federal system.

(6) Persons who are employed by the Department of the California Highway Patrol as students at the department's training school established pursuant to Section 2262 of the Vehicle Code.

(7) Persons who had ceased to be members pursuant to Section 20340 or 21075.

(d) A separation of employment does not alter the 24-month period described by subdivision (b). A member who separates from state employment shall remain subject to this section if he or she returns to state employment as a state miscellaneous or state industrial member within that 24-month period.

(e) Any regulations adopted by the board to implement the requirements of this section shall not be subject to the review and approval of the Office of Administrative Law, pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3. The regulations shall become effective immediately upon filing with the Secretary of State.

SEC. 4. Section 20340 of the Government Code is amended to read:

20340. A person ceases to be a member:

(a) Upon retirement, except while participating in reduced worktime for partial service retirement.

(b) If he or she is paid his or her normal contributions, unless payment of contributions is the result of an election pursuant to paragraph (1) of

subdivision (b) of Section 21070, or unless, after reducing the member's credited service by the service applicable to the contributions being withdrawn, the member meets the requirements of Section 21075 or if he or she is paid a portion of his or her normal contributions where more than one payment is made, or these contributions are held pursuant to Section 21500. For the purposes of this subdivision, deposit in the United States mail of a warrant drawn in favor of a member, addressed to the latest address of the member on file in the office of this system, electronic fund transfer to the person's bank, savings and loan association, or credit union account, constitutes payment to the person of the amount for which the warrant is drawn or electronically transferred.

(c) If the member has less than five years of service credit and no accumulated contributions in the retirement fund at the time of termination of service, unless the member establishes membership in the Judges' Retirement System, the Judges' Retirement System II, the Legislators' Retirement System, the State Teachers' Retirement System, or the University of California Retirement Plan, or establishes reciprocity with a reciprocal retirement system.

SEC. 5. Section 20752 of the Government Code is amended to read:

20752. (a) A member of the Judges' Retirement System, the Judges' Retirement System II, the Legislators' Retirement System, the State Teachers' Retirement Plan, the University of California Retirement Plan, or a county retirement system, who has withdrawn accumulated contributions from this system shall have the right to redeposit those contributions, subject to the same conditions as imposed for redeposits of accumulated contributions by Section 20750, including the rights that he or she would have had under Section 20638 had he or she not withdrawn his or her contributions.

(b) Provisions of this section extending a right to redeposit accumulated contributions withdrawn from this system shall also apply to members of any retirement system established under Chapter 2 (commencing with Section 45300) of Division 5 of Title 4 with respect to which an ordinance complying with Section 45310.5 has been filed with, and accepted by, the board or any retirement system established by, or pursuant to, the charter of a city or city and county or by any other public agency of this state which system, in the opinion of the board, provides a similar modification of rights and benefits because of membership in this system and with respect to which the governing body of the city, city and county or public agency and the board have entered into agreement pursuant to Section 20351.

(c) A member who elects to redeposit under this section shall have the same rights as a member who has elected pursuant to Section 20731 to leave his or her accumulated contributions on deposit in the fund.

SEC. 6. Section 20908 of the Government Code is amended to read:

20908. (a) A member who, pursuant to Section 20281.5, did not accrue service credit with respect to his or her service to the state may elect to receive credit for that service within the period of time beginning on the first day of the 47th month and ending on the last day of the 49th month after the date on which the member became a member of the system.

(b) Any member electing to receive credit for service under this section shall cause to be transferred to the system the accumulated contributions, including earnings, standing to the member's credit in the retirement program established pursuant to Chapter 8.6 (commencing with Section 19999.3) of Part 2.6. Upon transfer of the accumulated contributions, including earnings, the member shall receive credit for all service that, pursuant to Section 20281.5, was not credited.

(c) A member who does not make the election within the period specified in subdivision (a), may elect at any time prior to retirement to receive credit for the service that otherwise would have been credited if the member was not subject to Section 20281.5, by making the contributions specified in Sections 21050 and 21052.

SEC. 7. Section 21151 of the Government Code is amended to read:

21151. (a) Any patrol, state safety, state industrial, state peace officer/firefighter, or local safety member incapacitated for the performance of duty as the result of an industrial disability shall be retired for disability, pursuant to this chapter, regardless of age or amount of service.

(b) This section also applies to local miscellaneous members if the contracting agency employing those members elects to be subject to this section by amendment to its contract.

(c) This section also applies to all of the following:

(1) State miscellaneous members employed by the Department of Justice who perform the duties now performed in positions with the class title of Criminalist (Class Code 8466), or Senior Criminalist (Class Code 8478), or Criminalist Supervisor (Class Code 8477), or Criminalist Manager (Class Code 8467), Latent Print Analyst I (Class Code 8460), Latent Print Analyst II (Class Code 8472), or Latent Print Supervisor (Class Code 8473).

(2) State miscellaneous members employed by the Department of the California Highway Patrol who perform the duties now performed in positions with the class title of Communications Operator I, California Highway Patrol (Class Code 1663), Communications Operator II, California Highway Patrol (Class Code 1664), Communications Supervisor I, California Highway Patrol (Class Code 1662), or

Communications Supervisor II, California Highway Patrol (Class Code 1665).

(3) State miscellaneous members whose disability resulted under the conditions specified in Sections 20046.5 and 20047.

(4) State miscellaneous members in State Bargaining Unit 12 employed by the Department of Transportation, if a memorandum of understanding has been agreed to by the state employer and the recognized employee organization making this paragraph applicable to those members.

(d) This section does not apply to local safety members described in Section 20423.6, unless this section has been made applicable to local miscellaneous members pursuant to subdivision (b).

(e) This section does not apply to state safety members described in Section 20401.5.

SEC. 8. Section 21220 of the Government Code is amended to read:

21220. (a) A person who has been retired under this system, for service or for disability, may not be employed in any capacity thereafter by the state, the university, a school employer, or a contracting agency, unless the employment qualifies for service credit in the University of California Retirement Plan or the State Teachers' Retirement Plan, unless he or she has first been reinstated from retirement pursuant to this chapter, or unless the employment, without reinstatement, is authorized by this article. A retired person whose employment without reinstatement is authorized by this article shall acquire no service credit or retirement rights under this part with respect to the employment.

(b) Any retired member employed in violation of this article shall:

(1) Reimburse this system for any retirement allowance received during the period or periods of employment that are in violation of law.

(2) Pay to this system an amount of money equal to the employee contributions that would otherwise have been paid during the period or periods of unlawful employment, plus interest thereon.

(3) Contribute toward reimbursement of this system for administrative expenses incurred in responding to this situation, to the extent the member is determined by the executive officer to be at fault.

(c) Any public employer that employs a retired member in violation of this article shall:

(1) Pay to this system an amount of money equal to employer contributions that would otherwise have been paid for the period or periods of time that the member is employed in violation of this article, plus interest thereon.

(2) Contribute toward reimbursement of this system for administrative expenses incurred in responding to this situation, to the extent the

employer is determined by the executive officer of this system to be at fault.

SEC. 9. Section 21221 of the Government Code is amended to read:

21221. A retired person may serve without reinstatement from retirement or loss or interruption of benefits provided by this system, as follows:

(a) As a member of any board, commission, or advisory committee, upon appointment by the Governor, the Speaker of the Assembly, the President pro Tempore of the Senate, director of a state department, or the governing board of the contracting agency. However, the appointment shall not be deemed employment within the meaning of Division 4 (commencing with Section 3200) and Division 4.5 (commencing with Section 6100) of the Labor Code, and shall not provide a basis for the payment of workers' compensation to a retired state employee or to his or her dependents.

(b) As a school crossing guard.

(c) As a juror or election officer.

(d) As an elective officer on and after September 15, 1961. However, all rights and immunities which may have accrued under Section 21229 as it read prior to that section's repeal during the 1969 Regular Session of the Legislature are hereby preserved.

(e) As an appointive member of the governing body of a contracting agency. However, the compensation for that office shall not exceed one hundred dollars ($100) per month.

(f) Upon appointment by the Legislature, or either house, or a legislative committee to a position deemed by the appointing power to be temporary in nature.

(g) Upon employment by a contracting agency to a position found by the governing body, by resolution, to be available because of a leave of absence granted to a person on payroll status for a period not to exceed one year and found by the governing body to require specialized skills. The temporary employment shall be terminated at the end of the leave of absence. Appointments under this section shall be reported to the board and shall be accompanied by the resolution adopted by the governing body.

(h) Upon appointment by the governing body of a contracting agency to a position deemed by the governing body to be of a limited duration and requiring specialized skills or during an emergency to prevent stoppage of public business. These appointments, in addition to any made pursuant to Section 21224, shall not exceed a total for all employers of 960 hours in any fiscal year. When an appointment is expected to, or will, exceed 960 hours in any fiscal year, the governing body shall request approval from the board to extend the temporary employment. The

governing body shall present a resolution to the board requesting action to allow or disallow the employment extension. The resolution shall be presented prior to the expiration of the 960 hour maximum for the fiscal year. The appointment shall continue until notification of the board's decision is received by the governing body. The appointment shall be deemed approved if the board fails to take action within 60 days of receiving the request. Appointments under this subdivision may not exceed a total of 12 months.

(i) Upon appointment by the Administrative Director of the Courts to the position of Court Security Coordinator, a position deemed temporary in nature and requiring the specialized skills and experience of a retired professional peace officer.

SEC. 10. Section 21224 of the Government Code is amended to read:

21224. (a) A retired person may serve without reinstatement from retirement or loss or interruption of benefits provided by this system upon appointment by the appointing power of a state agency or public agency employer either during an emergency to prevent stoppage of public business or because the retired employee has skills needed in performing work of limited duration. These appointments shall not exceed a total for all employers of 960 hours in any fiscal year, and the rate of pay for the employment shall not be less than the minimum, nor exceed that paid by the employer to other employees performing comparable duties.

(b) (1) This section shall not apply to any retired person otherwise eligible if during the 12-month period prior to an appointment described in this section the retired person received any unemployment insurance compensation arising out of prior employment subject to this section with the same employer.

(2) A retired person who accepts an appointment after receiving unemployment insurance compensation as described in this subdivision shall terminate that employment on the last day of the current pay period and shall not be eligible for reappointment subject to this section for a period of 12 months following the last day of employment. The retired person shall not be subject to Section 21202 or subdivision (b) of Section 21220.

SEC. 11. Section 21225 of the Government Code is amended to read:

21225. A retired person may serve without reinstatement from retirement or loss or interruption of benefits provided by this system as a substitute in a position requiring certification qualifications, pursuant to Section 59007 or 59113 of the Education Code, at the California School for the Deaf or the California School for the Blind, if that service does not exceed a total for all employers of 960 hours in any fiscal year.

SEC. 12. Section 21226 of the Government Code is amended to read:

21226. A retired person may serve without reinstatement from retirement or loss or interruption of benefits provided by this system as a member of the academic staff of a California community college or of the University of California, if that service does not exceed a total for all employers of 960 hours in any fiscal year.

SEC. 13. Section 21227 of the Government Code is amended to read:

21227. A retired person may serve without reinstatement from retirement or loss or interruption of benefits provided by this system as a member of the academic staff of a California State University, if that service does not exceed, a total for all employers of 960 hours in any fiscal year or 50 percent of the hours the member was employed during the last fiscal year of service prior to retirement.

SEC. 14. Section 21359 of the Government Code is amended to read:

21359. Notwithstanding Section 21357, in determining the method of calculation of subsequent retirement benefits for a university employee who, on the date of reemployment and reinstatement from retirement, did not have the right to elect membership in this system, the service rendered under the University of California Retirement Plan after reemployment and reinstatement shall be considered service rendered under this system.

SEC. 15. Section 21492 of the Government Code is amended to read:

21492. The designation of a beneficiary under optional settlements 2 and 3, or if a benefit involving the life contingency of the beneficiary is provided under optional settlement 4, is irrevocable from the time of the first payment on account of any retirement allowance. Otherwise a designation of beneficiary under this system is revocable at the pleasure of the member who made it. A member's marriage, dissolution of marriage, annulment of his or her marriage, the birth of his or her child, or his or her adoption of a child shall constitute an automatic revocation of his or her previous revocable designation of beneficiary. A member's termination of employment and withdrawal of contributions shall constitute an automatic revocation of the previous revocable designation of beneficiary. Subsequent reemployment or reinstatement from retirement to employment covered by this system shall not reinstate the previous designation of beneficiary.

Upon revocation of any beneficiary designation, a member may designate the same or another beneficiary by a writing filed with the board, except as otherwise provided in Section 21490.

SEC. 16. Section 21540.5 of the Government Code is amended to read:

21540.5. (a) The special death benefit is also payable if the deceased was a state, school, or local miscellaneous member, a local safety member described in Section 20423.6, or a state safety member described in

Section 20401.5, if the death of the member was a direct consequence of a violent act perpetrated on his or her person that arose out of and was in the course of his or her official duties and there is a survivor who qualifies under paragraph (2) of subdivision (a) of Section 21541. The Workers' Compensation Appeals Board, using the same procedure as in workers' compensation hearings, shall, in disputed cases determine whether the member's death was a direct consequence of a violent act perpetrated on his or her person that arose out of and in the course of his or her official duties.

(b) A natural parent of surviving children eligible to receive an allowance payable under this section is not required to become the guardian of surviving unmarried children under 18 years of age in order to be paid the benefits prescribed for those children.

(c) The jurisdiction of the Workers' Compensation Appeals Board shall be limited solely to the issue of industrial causation, and this section may not be construed to authorize the Workers' Compensation Appeals Board to award costs against this system pursuant to Section 4600 or 5811 or any other provision of the Labor Code.

(d) This section does not apply to a contracting agency nor its employees unless and until the agency elects to be subject to it by amendment to its contract made in the manner prescribed for approval of contracts, or in the case of a new contract, by express provision of the contract.

SEC. 17. Section 21582 of the Government Code is amended to read:

21582. Notwithstanding any other provision of this article, if so agreed to in a memorandum of understanding reached pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1, as it pertains to represented employees of the California State University, the employer may pay, in addition to the employer contributions, all or a portion of the employee contributions required for the benefit payable pursuant to Section 21574.7 or the employees may pay, in addition to the employee contributions, all or a portion of the employer contributions required for the benefit payable pursuant to Section 21574.7.

SEC. 18. Section 21690 is added to Chapter 17 (commencing with Section 21690) of Part 3 of Division 5 of Title 2 of the Government Code, to read:

21690. As used in this part, "complementary health premium" means the additional premium paid by retired members whose health insurance premiums are paid under Section 21264 and whose allowances fall below the premium required to continue the health benefit plan coverage provided by their employers.

SEC. 19. Section 21691 is added to Chapter 17 (commencing with Section 21690) of Part 3 of Division 5 of Title 2 of the Government Code, to read:

21691. (a) Any retired member whose health insurance premium is paid under Section 21264 and whose allowance is not sufficient to pay his or her contributions for the health benefit plan coverage provided by his or her employer may continue that coverage by paying to the board the balance of the premium owed plus administrative costs, as determined by the board.

(b) The retired member shall pay the complementary health premium by remitting to the board quarterly payments in advance.

(c) The board has no duty to identify, locate, or notify any retired member who may be eligible for programs established by this chapter.

(d) All moneys received pursuant to this chapter shall be deposited in the Public Employees' Contingency Reserve Fund established by Section 22910.

SEC. 20. Section 21692 is added to Chapter 17 (commencing with Section 21690) of Part 3 of Division 5 of Title 2 of the Government Code, to read:

21692. (a) The board may charge each participating retired member who elects to pay the complementary health premium a one-time setup charge and a monthly maintenance charge, in amounts sufficient to ensure the ongoing support of the program.

(b) All development and administrative costs of the program shall be paid by the participating retired members.

SEC. 21. Section 22009.03 is added to the Government Code, to read:

22009.03. "Public agency" also includes a school district, a county superintendent of schools, and a regional occupational center or program established pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1, with respect to employees eligible for membership in the State Teachers' Retirement Plan.

SEC. 22. Section 22009.1 of the Government Code is amended to read:

22009.1. "Retirement system" includes:

(a) A pension, annuity, retirement or similar fund or system established by a public agency and covering only positions of that agency.

(b) The Public Employees' Retirement System with respect only to employees of the state and employees of the University of California in positions covered by that system.

(c) The Public Employees' Retirement System with respect to employees of all school districts in positions covered under each contract entered into by a county superintendent of schools and the system.

(d) The State Teachers' Retirement System with respect to all employees in positions subject to coverage under the Defined Benefit Program of the State Teachers' Retirement Plan except employees of a public agency having any employees in positions covered by that system who are also in positions covered by a local retirement system for the retirement of teachers, or for membership in which public school teachers are eligible, operated by a city, city and county, county or other public agency or combination of public agencies of the state.

(e) The Legislators' Retirement System with respect to all employees in positions covered by that system.

(f) The Judges' Retirement System with respect to all employees in positions covered by that system.

(g) The University of California Retirement Plan only with respect to all employees in positions covered by that system.

(h) The San Francisco City and County Employees' Retirement System with respect to all employees in positions covered by that system.

(i) Any other retirement system with respect only to employees of any two or more of the public agencies having employees in positions covered by that system, as designated by the board and with regard to which the board authorizes conduct of a referendum.

(j) Any retirement system with respect only to employees of a hospital that is an integral part of a city incorporated between January 15, 1898 and July 15, 1898 in positions covered by the system, as designated by the board on request of the city.

(k) Except as otherwise provided in subdivisions (b) to (j), inclusive, any retirement system with respect to employees of each of the public agencies having employees in positions covered by the system.

(*l*) The State Teachers' Retirement System with respect to all employees of each public agency, as defined by Section 22009.03, in positions covered by the State Teachers' Retirement Plan.

(m) Each division or part of a retirement system, as defined in subdivisions (a), (b), (c), (e), (g), (h), (i), (j), (k), and (*l*) of this section, that is divided pursuant to this chapter into two parts:

(1) The part composed of the positions of members of the system who desire coverage under the federal system.

(2) The part composed of the positions of members of the system who do not desire coverage under the federal system.

SEC. 23. Section 22150 of the Government Code is amended to read:

22150. Unless otherwise provided in this article, the board shall authorize a division of a retirement system upon the request of any public agency having employees in positions covered by the system or upon authorization of the Legislature. An election among members of the system shall not be required. A retirement system as defined in

subdivisions (d) and (f) of Section 22009.1 shall be divided pursuant to this article only if the division is otherwise authorized by the Legislature. The board shall designate the person to conduct the division, as defined in subdivision (m) of Section 22009.1, of a retirement system.

For purposes of this section and all coverage procedures under this part subsequent to division of the retirement system defined in subdivision (g) of Section 22009.1 the University of California shall be deemed to be a public agency.

SEC. 24. Section 22155 of the Government Code is amended to read:

22155. Whenever, on the request of the governing body of a public agency, a retirement system has been divided pursuant to this article, the board, on the request of the governing body, shall execute in conformity with Section 218 of the Social Security Act and applicable federal regulations a modification to the agreement providing for transfer to the system as defined in paragraph (1) of subdivision (m) of Section 22009.1 created by the division, the position of any member included in the system, as defined in paragraph (2) of subdivision (m) of Section 22009.1, who requests a transfer pursuant to Section 218(d)(6)(F) of the Social Security Act and board rules.

SEC. 25. Section 22156 is added to the Government Code, to read:

22156. (a) A division of the State Teachers' Retirement Plan is hereby authorized by the Legislature to provide Medicare coverage for employees of a public agency, as defined in Section 22009.03, upon the request of the public agency.

(b) The division authorized by subdivision (a) shall be conducted pursuant to this article.

(c) A member of the State Teachers' Retirement Plan on whose behalf a request is made pursuant to subdivision (a) may elect to be covered by Medicare, pursuant to Section 218 of the federal Social Security Act (42 U.S.C. Sec. 418), and applicable federal regulations if all of the following apply:

(1) The member was employed in a position covered by the plan on March 31, 1986.

(2) The member has not since been mandated into Medicare coverage due to the enactment of Public Law 99-272.

(3) The member is in a position covered or the member is eligible to elect to be covered by the retirement system on the date of the division.

(d) The public agency shall immediately make an application pursuant to Chapter 2 (commencing with Section 22200) of this part for Medicare coverage for those members who have elected to receive Medicare coverage.

(e) The effective date of the coverage may be retroactive, but not earlier than the last day of the sixth calendar year preceding the year in

which the agreement or modifications, as the case may be, is submitted to the Commissioner of Social Security.

SEC. 26. Section 22202 of the Government Code is amended to read:

22202. With respect to employees in the coverage group defined in subdivision (a) of Section 22100, the application shall be deemed to be made by a public agency if made by the Adjutant General. With respect to employees in positions covered by the retirement system set forth in subdivision (d) of Section 22009.1, the application shall be deemed to be made by a public agency if made by the Teachers' Retirement Board. With respect to employees in positions covered by the retirement system set forth in subdivision (g) of Section 22009.1, the application shall be deemed to be made by a public agency if made by the Regents of the University of California. With respect to employees in the coverage group defined in subdivision (*l*) of Section 22009.1, the application shall be deemed to be made by a public agency if made by the governing body of the public agency, as defined in Section 22009.03.

SEC. 27. Section 22203 of the Government Code is amended to read:

22203. Notwithstanding Section 22201, before the board shall execute on behalf of the state an agreement with the federal agency as provided in this chapter, the public agency and the board shall enter into a written agreement, that shall include provisions not inconsistent with this part that the board deems necessary in the administration of the federal system as it affects the state and the public agency and its employees.

For the purposes of this section, the state shall not be deemed to be a public agency, but nevertheless an agreement entered into pursuant to this part by the board and the Teachers' Retirement Board or the Adjutant General or the Regents of the University of California or the governing body of a public agency, as defined in Section 22009.03, shall be deemed to be entered into by the board and a public agency.

SEC. 28. Section 22208 of the Government Code is amended to read:

22208. With respect to each retirement system coverage group, the legislative or governing body of every public agency having employees in positions covered by a retirement system, may, upon the affirmative vote of a majority of eligible retirement system employees of the retirement system coverage group at a referendum conducted in accordance with Article 2 (commencing with Section 22300) of this chapter and the rules and regulations promulgated by the board pursuant to this part, make formal application to the board for the inclusion of the employees in each retirement system coverage group in the agreement.

SEC. 29. Section 22302 of the Government Code is amended to read:

22302. In the case of employees in positions covered by the retirement system set forth in subdivision (d) of Section 22009.1, the Teachers'

Retirement Board shall conduct the referendum; if the referendum is authorized by the Legislature.

In the case of employees in positions covered by the retirement system set forth in subdivision (g) of Section 22009.1 the board shall authorize the referendum upon the request of the Regents of the University of California and the regents shall conduct the referendum.

In the case of employees in positions covered by the retirement system set forth in subdivision (*l*) of Section 22009.1, the board shall authorize the referendum upon the request of the governing body of a public agency, as defined by Section 22009.03.

SEC. 30. Section 22308 of the Government Code is amended to read:

22308. This article does not apply to a retirement system composed of the positions of members of a divided system who desire coverage under the federal system as defined in subdivision (m) of Section 22009.1 and wherever in this part the conduct of a referendum is made a condition, the condition shall be fully satisfied by compliance with Article 2.5 (commencing with Section 22150) of Chapter 1 as to that retirement system.

SEC. 31. Section 22560 of the Government Code is amended to read:

22560. The board may charge or assess each public agency as defined in Section 22009.03 and each public agency shall pay and reimburse the state at the times and in the amounts as the board may determine, the approximate cost to the state, of any and all work, services, equipment, and other administrative costs relating to a division under Article 2.5 (commencing with Section 22150) of Chapter 1 of this part or the referendum provided by Article 2 (commencing with Section 22300) of Chapter 2 of this part and requested by the agency. The charges may differ from public agency to public agency.

SEC. 32. Section 22873 of the Government Code is amended to read:

22873. (a) Notwithstanding Section 22871, a state employee first hired on or after January 1, 1985, may not be vested for the full employer contribution payable for annuitants unless he or she has 10 years of credited state service at the time of retirement. The employer contribution payable for annuitants with less than 10 years of service shall be prorated based on credited state service at the time of retirement. This section shall apply only to state employees who retire for service. For purposes of this section, "state service" includes all municipal, superior, and justice court services rendered by a justice of the Supreme Court or court of appeal, or by a judge of the superior court.

(b) This section does not apply to employees of the California State University or of the Legislature.

SEC. 33. Section 22874 of the Government Code is amended to read:

22874. (a) Notwithstanding Sections 22870, 22871, and 22873, a state employee, defined by subdivision (c) of Section 3513, who becomes a state member of the system after January 1, 1989, may not receive any portion of the employer contribution payable for annuitants unless the person is credited with 10 years of state service at the time of retirement.

(b) The percentage of the employer contribution payable for postretirement health benefits for an employee subject to this section shall be based on the completed years of credited state service at retirement as shown in the following table:

Credited Years of Service	Percentage of Employer Contribution
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20 or more	100

(c) This section shall apply only to state employees that retire for service. For purposes of this section, "state service" means service rendered as an employee of the state or an appointed or elected officer of the state for compensation. Notwithstanding Section 22826, for purposes of this section, credited state service includes service to the state for which the employee, pursuant to Section 20281.5, did not receive credit.

(d) This section does not apply to employees of the California State University, the judicial branch, or the Legislature.

SEC. 34. Section 22875 of the Government Code is amended to read:

22875. (a) Notwithstanding Sections 22870, 22871, 22873, and 22874, a state employee who becomes a state member of the system after January 1, 1990, and is either excluded from the definition of a state employee in subdivision (c) of Section 3513, or a nonelected officer or employee of the executive branch of government who is not a member of the civil service, may not receive any portion of the employer contribution payable for annuitants, unless the employee is credited with 10 years of state service, as defined by this section, at the time of retirement.

(b) The percentage of the employer contribution payable for postretirement health benefits for an employee subject to this section shall be based on the completed years of credited state service at retirement as shown in the following table:

Credited Years of Service	Percentage of Employer Contribution
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20 or more	100

(c) This section shall apply only to state employees who retire for service.

(d) Benefits provided to an employee subject to this section shall be applicable to all future state service.

(e) For the purposes of this section, "state service" means service rendered as an employee or an appointed or elected officer of the state for compensation. Notwithstanding Section 22826, for purposes of this section, credited state service includes service to the state for which the employee, pursuant to Section 20281.5, did not receive credit.

(f) This section does not apply to employees of the California State University, the judicial branch, or the Legislature.

SEC. 35. Section 22876 of the Government Code is amended to read:

22876. (a) For the purpose of meeting the vesting requirements of Section 22873, employees of the County of Merced who became employees of the state as a result of the state's assuming firefighting functions for that county shall be credited with state service for each completed year of service with the county that would have been credited by the county for the vesting of postretirement health benefits. The definition of "state service" does not apply to employees of the County of Merced who became employees of the state as a result of the state assuming firefighting functions for the county on or before August 1, 1988.

(b) Notwithstanding Section 22875.5, for the purposes of meeting the vesting requirements of Section 22873, 22874, or 22875, employees of

the Cities of Rubidoux and Coachella who become employees of the state, on or before December 31, 1990, as a result of the state's assuming firefighting functions for the city, shall be credited with state service for each completed year of service with the city. The city shall identify those employees and provide the corresponding service credit information to the board.

(c) No employee whose firefighting function was transferred to the state after December 31, 1990, shall receive credit toward postretirement health benefits vesting unless the former employer agrees to reimburse the state for the costs of that credit in accordance with Section 22875.5.

SEC. 36. Section 22892 of the Government Code is amended to read:

22892. (a) The employer contribution of a contracting agency shall begin on the effective date of enrollment and shall be the amount fixed from time to time by resolution of the governing body of the agency. The resolution shall be filed with the board and the contribution amount shall be effective on the first day of the second month following the month in which the resolution is received by the system.

(b) (1) The employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the following:

(A) Prior to January 1, 2004, sixteen dollars ($16) per month.

(B) During calendar year 2004, thirty-two dollars and twenty cents ($32.20) per month.

(C) During calendar year 2005, forty-eight dollars and forty cents ($48.40) per month.

(D) During calendar year 2006, sixty-four dollars and sixty cents ($64.60) per month.

(E) During calendar year 2007, eighty dollars and eighty cents ($80.80) per month.

(F) During calendar year 2008, ninety-seven dollars ($97) per month.

(2) Commencing January 1, 2009, the employer contribution shall be adjusted annually by the board to reflect any change in the medical care component of the Consumer Price Index and shall be rounded to the nearest dollar.

(c) A contracting agency may, notwithstanding the equal contribution requirement of subdivision (b), establish a lesser monthly employer contribution for annuitants than for employees, provided that the monthly contribution for annuitants is annually increased by an amount not less than 5 percent of the monthly employer contribution for employees, until the time that the employer contribution for annuitants equals the employer contribution paid for employees. This subdivision shall only apply to agencies that first become subject to this part on or after January 1, 1986.

SEC. 37. Section 22958 of the Government Code is amended to read:

22958. (a) Notwithstanding Sections 22953 and 22957, the following employees may not receive any portion of the employer contribution payable for annuitants, unless the person is credited with 10 or more years of state service, as defined by this section, at the time of retirement:

(1) A state employee, as defined by subdivision (c) of Section 3513, in State Bargaining Unit 5, 6, 8, or 16 who becomes a state member of the system after January 1, 1999.

(2) A state employee, as defined by subdivision (c) of Section 3513, in State Bargaining Unit 19 who becomes a state member of the system after July 1, 1998.

(3) A state employee, as defined by subdivision (c) of Section 3513, who becomes a state member of the system after January 1, 2000, and is a member of a state bargaining unit that has agreed to this section.

(4) A state employee who becomes a state member of the system after January 1, 2000, and is either excluded from the definition of a state employee in subdivision (c) of Section 3513, or a nonelected officer or employee of the executive branch of government who is not a member of the civil service.

(b) The percentage of the employer contribution payable for postretirement dental care benefits for an employee subject to this section shall be based on the funding provision of the plan and the completed years of credited state service at retirement as shown in the following table:

Credited Years of Service	Percentage of Employer Contribution
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20 or more	100

(c) This section only applies to state employees who retire for service.

(d) Benefits provided to an employee subject to this section shall be applicable to all future state service.

(e) For purposes of this section, "state service" means service rendered as an employee or an appointed or elected officer of the state for

compensation. Notwithstanding Section 22826, for purposes of this section, credited state service includes service to the state for which the employee, pursuant to Section 20281.5, did not receive credit.

(f) In those cases where the state has assumed from a public agency a function and the related personnel, service rendered by that personnel for compensation as employees or appointed or elected officers of that public agency may not be credited as state service for the purposes of this section, unless the former employer has paid or agreed to pay the state the amount actuarially determined to equal the cost for any employee dental benefits that were vested at the time that the function and the related personnel were assumed by the state, and the Department of Finance finds that the contract contains a benefit factor sufficient to reimburse the state for the amount necessary to fully compensate for the postretirement dental benefit costs of those personnel. For noncontracting public agencies, the state agency that has assumed the function shall certify the completed years of public agency service to be credited to the employee as state service credit under this section.

(g) This section does not apply to employees of the California State University or the Legislature.

SEC. 38. Section 75071 of the Government Code is amended to read:

75071. (a) Optional settlement one consists of the right to have a retirement allowance paid to the judge for life and if he or she dies before receiving the amount of his or her accumulated contributions at retirement, to have the balance at death paid to his or her designated beneficiary or, if no beneficiary designation is in effect on the date of death, to his or her estate.

(b) (1) Optional settlement two consists of the right to have a retirement allowance paid to him or her for life and thereafter to his or her designated beneficiary for life.

(2) If the judge's designated beneficiary predeceases the judge and the judge elected this optional settlement to be effective on or after January 1, 2002, the judge's allowance shall be adjusted effective the first day of the month following the death of the beneficiary to reflect the benefit that would have been paid had the judge not elected an optional settlement.

(3) If the marriage of a retired judge is dissolved or annulled or if the retired judge and his or her beneficiary spouse are legally separated and the judgment dividing their community property awards the total interest in this system to the retired judge, and the retired judge elected this optional settlement to be effective on or after January 1, 2002, the retired judge's allowance shall be adjusted effective the first day of the month following the filing of the judgment with the board to reflect the benefit

that would have been paid had the judge not elected an optional settlement.

(c) (1) Optional settlement three consists of the right to have a retirement allowance paid him or her for life, and thereafter to have one-half of his or her retirement allowance paid to his or her designated beneficiary for life.

(2) If the judge's designated beneficiary predeceases the judge and the judge elected this optional settlement to be effective on or after January 1, 2002, the judge's allowance shall be adjusted effective the first day of the month following the death of the beneficiary to reflect the benefit that would have been paid had the judge not elected an optional settlement.

(3) If the marriage of a retired judge is dissolved or annulled or if the retired judge and his or her beneficiary spouse are legally separated and the judgment dividing their community property awards the total interest in this system to the retired judge, and the retired judge elected this optional settlement to be effective on or after January 1, 2002, the retired judge's allowance shall be adjusted effective the first day of the month following the filing of the judgment with the board to reflect the benefit that would have been paid had the judge not elected an optional settlement.

(d) Optional settlement four consists of other benefits that are the actuarial equivalent of his or her retirement allowance, that he or she may select subject to the approval of the Judges' Retirement System.

(e) When a judge elects, on or after January 1, 2003, to receive benefits provided by paragraph (2) of subdivision (b) or paragraph (2) of subdivision (c), and the judge and his or her optional settlement beneficiary both die before receiving in annuity payments the full amount of the judge's accumulated contributions at retirement, the balance of the judge's accumulated contributions shall be paid to the beneficiary designated by the judge. If the judge had no designated beneficiary in effect on the date of death, payment shall be made to the judge's estate.

CHAPTER 329

An act to amend Section 19582.5 of, to add Section 19481.3 to, and to add Article 4.5 (commencing with Section 19500) to Chapter 4 of Division 8 of, the Business and Professions Code, relating to horse racing.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 19481.3 is added to the Business and Professions Code, to read:

19481.3. (a) Every racing association and racing fair licensed pursuant to this article shall maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in accordance with Division 2.5 (commencing with Section 1797) of the Health and Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in Section 1797.84 of the Health and Safety Code.

(b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish.

(c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries.

(d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.

(e) The stewards shall investigate and prepare a report with respect to all on-track accidents involving jockeys that occur during the performance of their duties. The report shall, at a minimum, identify the circumstances of the accident, the likely causes, and the extent of any injuries. The investigation shall be commenced no later than the next live racing day and shall be completed expeditiously. Upon completion of the report, it shall immediately be sent by facsimile or electronic mail to the entity certified to provide health and welfare for jockeys pursuant to Section 19612.9, to the jockey or his or her representative, the racing

association, and the owner and trainer of the horse the jockey was riding at the time of the accident.

(f) The board shall adopt regulations to implement the provisions of this section no later than July 1, 2007.

SEC. 2. Article 4.5 (commencing with Section 19500) is added to Chapter 4 of Division 8 of the Business and Professions Code, to read:

Article 4.5. Jockeys

19500. (a) A jockey who agrees to exercise a racehorse shall be paid no less than the standard rate that is paid to exercise riders unless the jockey has been employed to ride that racehorse in a parimutuel race or the jockey is engaged in an official timed and recorded workout. If there is a dispute over the standard rate for exercising a horse, the steward shall determine the rate.

(b) The board shall adopt regulations no later than July 1, 2007, consistent with existing practice of the stewards, that provide both of the following:

(1) Establish the circumstances under which a jockey is entitled to receive a mount fee when he or she is removed from a mount prior to scratch time.

(2) Establish the circumstances under which a jockey is entitled to receive both a mount fee and the riding fee when he or she is removed from a mount after scratch time.

(c) The paymaster of a racing association or racing fair shall not disburse any sum from a jockey's compensation to any person other than the jockey except with the written permission of the jockey, upon order of the board, or pursuant to a court or administrative order.

(d) For the purposes of this section the following definitions apply:

(1) "Scratch time" means the time designated by the purse agreement when final changes in racing programs must be made.

(2) "Riding fee" means the amount of money, whether calculated as a percentage of the purse or by any other means, that is due to a jockey in addition to the jockey mount fee as a result of the performance of a racehorse in a race.

(3) "Mount fee" is the fee that is paid a jockey who accepts a mount on a racehorse.

19504. (a) No racehorse shall be ridden at a racetrack unless the rider is equipped with a safety helmet and safety vest.

(b) No later than July 1, 2006, the board shall conduct an investigation, including at least one public hearing, to determine whether the use of safety reins would provide jockeys and exercise riders greater protection from accidents and injuries than conventional reins. Should the board

determine that the use of safety reins would provide greater protection for jockeys and exercise riders than conventional reins, it shall adopt a regulation no later than July 1, 2007, mandating the use of approved safety reins whenever a racehorse is ridden at a racetrack. The regulation adopted by the board may phase in the use of safety reins, but in the event safety reins are mandated, the board shall not permit the use of conventional reins in a parimutuel race for longer than 18 months following the adoption of the regulation.

(c) The board shall approve any model of safety helmet, safety vest, and mandatory safety rein, if required, in use at a racetrack.

(d) For the purposes of this section, a "safety rein" is a type of rein that is reinforced with a wire cable, nylon strap, or other safety device or material that is attached to the bit and designed to maintain control of the horse should the rein break.

(e) For the purposes of this section, a "conventional rein" is any rein other than a safety rein.

19506. No later than July 1, 2006, the board shall approve and participate in a health assessment study of jockeys that will provide information relevant to the determination of an appropriate jockey scale of weights and weight control practices that will maximize jockey health and safety.

(a) The study shall be conducted under accepted scientific principles, shall be peer reviewed, and shall be performed under the auspices of a university based director with expertise in sports medicine, nutrition, or occupational safety and health. The study director shall be independent of the horse racing industry.

(b) The board shall form a committee to provide input and advice on the design of the study. The committee shall include members of the board, and representatives of the Thoroughbred Owners of California, the Jockey's Guild, the California Thoroughbred Trainers, the Pacific Coast Quarter Horse Racing Association, the California Authority of Racing Fairs and of the racetracks. However, the board shall insure that no member of the committee nor any other person shall attempt to improperly interfere with study design or execution or compromise its integrity.

(c) The study shall be funded by private sources. Nothing in this section shall prevent the participation of racing regulatory bodies outside of California in the study.

(d) Upon completion of the study the board shall review the findings at a public hearing. If the board determines, upon review of the study, that the current scale of weights for jockeys is detrimental to jockey health and safety, it shall adopt regulations to establish weight or body

composition requirements appropriate to maintain jockeys in a healthy and safe physical condition.

SEC. 3. Section 19582.5 of the Business and Professions Code is amended to read:

19582.5. The board may adopt regulations that prohibit the entry in a race of a horse that tests positive for a drug substance in violation of Section 19581. Upon a finding of a prohibited drug substance in an official test sample, a horse may be summarily disqualified from the race in connection with which the drug sample was taken. Upon the disqualification of a horse pursuant to these regulations, any purse, prize, award, or record for that race shall be forfeited. However, the board, including its hearing officers and stewards, shall have the authority to order, in the interests of justice, that a jockey be permitted to keep his or her share of the purse, prize, or award for that race upon a finding that a person, other than the jockey, willfully, and with flagrant disregard for recommended veterinary practice and the regulations of the board, administered the prohibited substance. Such an order may provide that the jockey's share of the purse, prize, or award shall be paid by the person or persons determined to be responsible for willfully administering the prohibited substance.

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.

CHAPTER 330

An act to amend Section 65050 of the Government Code, relating to the Military and Aerospace Support Act.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 65050 of the Government Code is amended to read:

65050. (a) As used in this article, the following phrases have the following meanings:

(1) "Military base" means a military base that is designated for closure or downward realignment where real property will be made available for disposal pursuant to the Defense Authorization Amendments and Base Closure and Realignment Act (P.L. 100-526), the Defense Base Closure and Realignment Act of 1990 (P.L. 101-510), or any subsequent closure or realignment approved by the President of the United States without objection by the Congress.

(2) "Effective date of a base closure" means the date a base closure decision becomes final under the terms specified by federal law. These decisions become final 45 legislative days after the date the federal Base Closure Commission submits its recommendations to the President, he or she approves those recommendations, and the Congress does not disapprove those recommendations or adjourns.

(b) It is not the intent of the Legislature in enacting this section to preempt local planning efforts or to supersede any existing or subsequent authority invested in the Office of Military and Aerospace Support. It is the intent of this article to provide a means of conflict resolution between local agencies vying to seek recognition from the United States Department of Defense's Office of Economic Adjustment as a single base reuse entity.

(c) For the purposes of this article, a single local base reuse entity shall be recognized pursuant to the regulations of the United States Department of Defense's Office of Economic Adjustment.

(d) The following entities or their successors, including, but not limited to, separate airport or port authorities, are recognized by the United States Department of Defense's Office of Economic Adjustment as the single local reuse entity for the military bases listed:

Military Base	Local Reuse Entity
George Air Force Base	Victor Valley Economic Development Authority
Hamilton Army Base	City of Novato
Mather Air Force Base	County of Sacramento
Norton Air Force Base	Inland Valley Development Authority
Presidio Army Base	City and County of San Francisco
Salton Sea Navy Base	Imperial County

Castle Air Force Base	County of Merced
Hunters Point Naval Annex	City and County of San Francisco
Long Beach Naval Station	City of Long Beach
MCAS Tustin	City of Tustin
Sacramento Army Depot	City of Sacramento
MCAS El Toro	Local redevelopment authority recognized by the United States Department of Economic Adjustment
March Air Force Base	March Joint Powers Authority
Mare Island Naval Shipyard	City of Vallejo
Naval Training Center, San Diego	City of San Diego
NS Treasure Island	City and County of San Francisco
NAS Alameda, San Francisco Bay Public Works Center, Alameda Naval Aviation Depot	Alameda Reuse and Redevelopment Authority
Oakland Military Complex	Oakland Base Reuse Authority
Fort Ord Army Base	Fort Ord Reuse Authority
Sierra Army Depot	County of Lassen

Any military base reuse authority created pursuant to Title 7.86 (commencing with Section 67800) that is recognized by the United States Department of Defense's Office of Economic Adjustment as the single local reuse entity for the specific military base.

(e) For any military base that is closed and not listed in subdivision (d), the United States Department of Defense's Office of Economic Adjustment will follow its established procedures in recognizing a single local reuse entity.

(f) If, after 60 days from the effective date of the base closure decision, a single local reuse entity cannot be recognized by the United States Department of Defense's Office of Economic Adjustment, the Director of the Office of Planning and Research, in consultation with the federal Office of Economic Adjustment, shall select a mediator, from a list submitted by the Office of Military and Aerospace Support containing no fewer than seven recommendations, to affect an agreement among the effected jurisdictions on a single local reuse entity acceptable to the

federal Office of Economic Adjustment for recognition. In selecting a mediator, the director shall appoint a neutral person or persons, with experience in local land use issues, to facilitate communication between the disputants and assist them in reaching a mutually acceptable agreement prior to 120 days from the effective date of the base closure decision.

(g) As a last resort, and only if no recognition is made pursuant to the procedure specified in subdivisions (e) and (f) within 120 days after a base closure decision has become final or within 120 days after the date on which this section becomes operative, whichever date is later, the Office of Military and Aerospace Support shall hold public hearings, in consultation with the federal Office of Economic Adjustment, and recognize a single local base reuse entity for each closing base for which agreement is reached among the local jurisdictions with responsibility for complying with Chapter 3 (commencing with Section 65100) and Chapter 4 (commencing with Section 65800) on the base, or recommend legislation or action by the local agency formation commission if necessary to identify a single reuse entity that would be recognized by the federal Office of Economic Adjustment.

(h) In recognizing a single local reuse entity pursuant to subdivision (g), preference shall be given to existing entities and entities with responsibility for complying with Chapter 3 (commencing with Section 65100) and Chapter 4 (commencing with Section 65800).

(i) Any recognition of a single local reuse entity made pursuant to subdivision (f) or (g) shall be submitted by the Director of the Office of Planning and Research to the Governor, the Legislature, and the United States Department of Defense.

CHAPTER 331

An act to add Chapter 7 (commencing with Section 66690) to Title 7.2 of the Government Code, and to amend Sections 31161, 31162, and 31163 of the Public Resources Code, relating to resource conservation.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Chapter 7 (commencing with Section 66690) is added to Title 7.2 of the Government Code, to read:

Chapter 7. San Francisco Bay Area Water Trail

66690. This chapter shall be known, and may be cited as, the San Francisco Bay Area Water Trail Act.

66691. The Legislature finds and declares the following:

(a) The public has an interest in the San Francisco Bay and the surrounding watershed lands as one of the most valuable natural resources of the state, a resource that gives special character to the San Francisco Bay Area. San Francisco Bay is the central feature in an interconnected open-space system of watersheds, natural habitats, waterways, scenic areas, agricultural lands, and regional trails.

(b) Water-oriented recreational uses of the San Francisco Bay, including kayaking, canoeing, sailboarding, sculling, rowing, car-top sailing, and the like, are of great benefit to the public welfare of the San Francisco Bay Area. With loss of public open space, the public increasingly looks to the bay, the region's largest open space, for recreational opportunities. Water-oriented recreational uses are an integral element of the recreational opportunities that span the San Francisco Bay Area and add to the community vitality and quality of life that the citizens of the region enjoy.

(c) Water trails have been designated throughout the United States and have proven to be an important vehicle for promoting water-oriented recreation for citizens of all economic means. Water trails can inform the public about natural, cultural, and historic features and foster public stewardship of these resources. Water trails aid in urban renewal of industrial waterfronts. In combination with hiking, biking, and horse trails, water trails are an important element in the development of multiuse and multiday recreational opportunities that in turn have a positive regional economic benefit.

(d) Bay Access, Incorporated, a nonprofit organization dedicated to the creation of the San Francisco Bay Area Water Trail, has identified a series of existing and potential access points to the San Francisco Bay that encircle the bay. The designation of a water trail linking these existing and any future access sites that is designed and implemented consistent with this chapter, would advance the regional goals and state mandate of the commission to foster public access and recreational use of the bay.

(e) San Francisco Bay is an aquatic habitat of international importance. It provides critical habitat for 70 percent of the shore birds and 50 percent of the diving ducks on the Pacific Flyway, as well as for many other waterbird species. It also provides habitat for marine mammals, other aquatic species, and colonial nesting birds, including many federal- and

state-listed endangered or threatened species, such as the endangered California clapper rail.

(f) The San Francisco Bay Area Water Trail, established pursuant to this chapter, shall be implemented consistent with the goals of improving access to, within, and around the bay, coast, ridgetops, and urban open spaces while respecting the rights of private property owners, considering navigation safety and homeland security concerns in establishing the access points around the bay and the siting of overnight accommodations, minimizing the adverse impacts on agricultural operations, and protecting endangered and threatened species, and species of special concern.

(g) It is not the intent of the Legislature, in enacting this chapter, to modify any provision of this title except as otherwise expressly provided in this chapter.

66692. (a) For the purposes of this chapter, the area referred to as the San Francisco Bay Area includes the nine Bay Area counties and navigable waters and tributaries under tidal influence that are part of or feed into San Francisco Bay.

(b) The San Francisco Bay Area Water Trail primary project area shall be the area within the commission's jurisdiction as defined in Section 66610 of this code, and the area described in Section 29101 of the Public Resources Code.

66693. (a) The San Francisco Bay Area Water Trail is hereby established.

(b) The San Francisco Bay Area Water Trail shall be developed in a timely manner.

(c) The San Francisco Bay Area Water Trail, to the extent feasible, shall link access to the waters of the San Francisco Bay that are available for navigation by human-powered boats and beachable sail craft, and shall provide for diverse water-accessible overnight accommodations, including camping.

(d) The San Francisco Bay Area Water Trail shall be developed in a manner consistent with the right to access navigable waters of the state contained in Section 4 of Article X of the California Constitution.

(e) The San Francisco Bay Area Water Trail shall be developed in a manner consistent with all federal laws and regulations pertaining to navigation safety and homeland security.

66694. (a) The commission shall conduct a public process to develop a San Francisco Bay Area Water Trail Plan for the San Francisco Bay Area. The plan shall make recommendations on all of the following:

(1) Policies, criteria, and guidelines for the appropriate location, design, operation, and maintenance of access to the bay.

(2) Locations where the water trail can coordinate with landside trails and other recreational facilities to accommodate opportunities for multiday, overnight travel.

(3) Organizational structure and procedures for the management and operation of the water trail and the education of end users in ways that will advance navigational safety, protect wildlife, and foster stewardship of natural resources.

(4) Identification of sensitive wildlife areas where access should be managed or prohibited.

(5) Identification of areas where access should be limited or prohibited due to considerations related to navigation safety and homeland security.

(b) In developing the San Francisco Bay Area Water Trail, the commission, in collaboration with the State Coastal Conservancy and the Association of Bay Area Governments, shall establish and coordinate a collaborative partnership with other interested persons, organizations, and agencies, including, but not limited to, interested state, county, and district departments and commissions, parks and park districts, ports, regional governmental bodies, nonprofit groups, user groups, and businesses.

(c) On or before January 1, 2008, the commission shall submit the plan to the Legislature.

SEC. 2. Section 31161 of the Public Resources Code is amended to read:

31161. The Legislature hereby finds and declares that the nine counties that bound San Francisco Bay constitute a region with unique natural resource and outdoor recreational needs. San Francisco Bay is the central feature in an interconnected open-space system of watersheds, natural habitats, waterways, scenic areas, agricultural lands, and regional trails.

SEC. 3. Section 31162 of the Public Resources Code is amended to read:

31162. The conservancy may undertake projects and award grants in the nine-county San Francisco Bay Area that will help achieve the following goals of the San Francisco Bay Area Conservancy Program:

(a) To improve public access to, within, and around the bay, coast, ridgetops, and urban open spaces, consistent with the rights of private property owners, and without having a significant adverse impact on agricultural operations and environmentally sensitive areas and wildlife, including wetlands and other wildlife habitats through completion and operation of regional bay, coast, water, and ridge trail systems, and local trails connecting to population centers and public facilities, which are part of a regional trail system and are consistent with locally and regionally adopted master plans and general plans, and through the

provision and preservation of related facilities, such as interpretive centers, picnic areas, staging areas, and campgrounds.

(b) To protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional importance.

(c) To assist in the implementation of the policies and programs of the California Coastal Act of 1976 (Division 20 (commencing with Section 30000)), the San Francisco Bay Plan, and the adopted plans of local governments and special districts.

(d) To promote, assist, and enhance projects that provide open space and natural areas that are accessible to urban populations for recreational and educational purposes.

SEC. 4. Section 31163 of the Public Resources Code is amended to read:

31163. (a) The conservancy shall cooperate with cities, counties, and districts, the bay commission, other regional governmental bodies, nonprofit land trusts, nonprofit landowner organizations, and other interested parties in identifying and adopting long-term resource and outdoor recreational goals for the San Francisco Bay Area, which shall guide the ongoing activities of the San Francisco Bay Area Conservancy Program. The conservancy shall utilize the list of priority areas and concerns established by the bay commission pursuant to subdivision (b) of Section 31056 as guidance in the selection of those San Francisco area projects that are within the jurisdiction of the bay commission. However, the guidance provided by the bay commission is advisory and the conservancy shall have the responsibility for making program decisions. Any acquisition of real property using funds authorized pursuant to this chapter shall be from willing sellers if the land is actively farmed or ranched. Any acquisition of real property by the conservancy pursuant to this chapter shall be from willing sellers.

(b) The conservancy shall participate in and support interagency actions and public/private partnerships in the San Francisco Bay Area for the purpose of implementing subdivision (a), and providing for broad-based local involvement in, and support for, the San Francisco Bay Area Conservancy Program.

(c) The conservancy shall utilize the criteria specified in this subdivision to develop project priorities for the San Francisco Bay Area Conservancy Program that provide for development and acquisition projects, urban and rural projects, and open space and outdoor recreational projects. The conservancy shall give priority to projects that, to the greatest extent, meet the following criteria:

(1) Are supported by adopted local or regional plans.

(2) Are multijurisdictional or serve a regional constituency.

(3) Can be implemented in a timely way.

(4) Provide opportunities for benefits that could be lost if the project is not quickly implemented.

(5) Include matching funds from other sources of funding or assistance.

(d) (1) The conservancy shall be the lead agency in the funding and development of projects implementing the San Francisco Bay Area Water Trail Plan prepared pursuant to Section 66694 of the Government Code.

(2) During the period when the plan is being prepared and after the completion of the plan, the conservancy may undertake projects and award grants that are generally consistent with and advance the preparation of the plan or achieve the implementation of the plan.

(3) To advance the preparation of the plan, the conservancy shall help coordinate a collaborative partnership with the San Francisco Bay Conservation and Development Commission, the Association of Bay Area Governments, and other interested persons, organizations and agencies, including, but not limited to, interested state, county, and district departments and commissions, parks and park districts, ports, regional governmental bodies, nonprofit groups, user groups, and businesses.

(4) In developing the plan and undertaking projects to implement the plan, areas for which access is to be managed or prohibited shall be determined in consultation with resource protection agencies, the United States Coast Guard, the Water Transit Authority, the State Lands Commission, local law enforcement agencies, and through the environmental review process required by the California Environmental Quality Act (Division 13 (commencing with Section 21000)).

(5) Upon the completion of the plan, the conservancy shall consider the plan's adoption and inclusion of the appropriate elements of the plan in the conservancy's strategic plan.

(6) The conservancy shall not award a grant or undertake a project for the San Francisco Bay Area Water Trail that would have a significant adverse impact on a sensitive wildlife area or is in conflict with the goals of subdivision (a) of Section 31162.

CHAPTER 332

An act to amend Section 170.1 of the Code of Civil Procedure, relating to judges, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 170.1 of the Code of Civil Procedure is amended to read:

170.1. (a) A judge shall be disqualified if any one or more of the following is true:

(1) (A) The judge has personal knowledge of disputed evidentiary facts concerning the proceeding.

(B) A judge shall be deemed to have personal knowledge within the meaning of this paragraph if the judge, or the spouse of the judge, or a person within the third degree of relationship to either of them, or the spouse of such a person is to the judge's knowledge likely to be a material witness in the proceeding.

(2) (A) The judge served as a lawyer in the proceeding, or in any other proceeding involving the same issues he or she served as a lawyer for any party in the present proceeding or gave advice to any party in the present proceeding upon any matter involved in the action or proceeding.

(B) A judge shall be deemed to have served as a lawyer in the proceeding if within the past two years:

(i) A party to the proceeding or an officer, director, or trustee of a party was a client of the judge when the judge was in the private practice of law or a client of a lawyer with whom the judge was associated in the private practice of law.

(ii) A lawyer in the proceeding was associated in the private practice of law with the judge.

(C) A judge who served as a lawyer for or officer of a public agency that is a party to the proceeding shall be deemed to have served as a lawyer in the proceeding if he or she personally advised or in any way represented the public agency concerning the factual or legal issues in the proceeding.

(3) (A) The judge has a financial interest in the subject matter in a proceeding or in a party to the proceeding.

(B) A judge shall be deemed to have a financial interest within the meaning of this paragraph if:

(i) A spouse or minor child living in the household has a financial interest.

(ii) The judge or the spouse of the judge is a fiduciary who has a financial interest.

(C) A judge has a duty to make reasonable efforts to inform himself or herself about his or her personal and fiduciary interests and those of his or her spouse and the personal financial interests of children living in the household.

(4) The judge, or the spouse of the judge, or a person within the third degree of relationship to either of them, or the spouse of such a person is a party to the proceeding or an officer, director, or trustee of a party.

(5) A lawyer or a spouse of a lawyer in the proceeding is the spouse, former spouse, child, sibling, or parent of the judge or the judge's spouse or if such a person is associated in the private practice of law with a lawyer in the proceeding.

(6) (A) For any reason:

(i) The judge believes his or her recusal would further the interests of justice.

(ii) The judge believes there is a substantial doubt as to his or her capacity to be impartial.

(iii) A person aware of the facts might reasonably entertain a doubt that the judge would be able to be impartial.

(B) Bias or prejudice toward a lawyer in the proceeding may be grounds for disqualification.

(7) By reason of permanent or temporary physical impairment, the judge is unable to properly perceive the evidence or is unable to properly conduct the proceeding.

(8) (A) The judge has a current arrangement concerning prospective employment or other compensated service as a dispute resolution neutral or is participating in, or, within the last two years has participated in, discussions regarding prospective employment or service as a dispute resolution neutral, or has been engaged in such employment or service, and any of the following applies:

(i) The arrangement is, or the prior employment or discussion was, with a party to the proceeding.

(ii) The matter before the judge includes issues relating to the enforcement of either an agreement to submit a dispute to an alternative dispute resolution process or an award or other final decision by a dispute resolution neutral.

(iii) The judge directs the parties to participate in an alternative dispute resolution process in which the dispute resolution neutral will be an individual or entity with whom the judge has the arrangement, has previously been employed or served, or is discussing or has discussed the employment or service.

(iv) The judge will select a dispute resolution neutral or entity to conduct an alternative dispute resolution process in the matter before the judge, and among those available for selection is an individual or entity with whom the judge has the arrangement, with whom the judge has previously been employed or served, or with whom the judge is discussing or has discussed the employment or service.

(B) For the purposes of this paragraph, all of the following apply:

(i) "Participating in discussions" or "has participated in discussion" means that the judge solicited or otherwise indicated an interest in accepting or negotiating possible employment or service as an alternative dispute resolution neutral or responded to an unsolicited statement regarding, or an offer of, such employment or service by expressing an interest in that employment or service, making any inquiry regarding the employment or service, or encouraging the person making the statement or offer to provide additional information about that possible employment or service. If a judge's response to an unsolicited statement regarding, a question about, or offer of, prospective employment or other compensated service as a dispute resolution neutral is limited to responding negatively, declining the offer, or declining to discuss such employment or service, that response does not constitute participating in discussions.

(ii) "Party" includes the parent, subsidiary, or other legal affiliate of any entity that is a party and is involved in the transaction, contract, or facts that gave rise to the issues subject to the proceeding.

(iii) "Dispute resolution neutral" means an arbitrator, mediator, temporary judge appointed under Section 21 of Article VI of the California Constitution, referee appointed under Section 638 or 639, special master, neutral evaluator, settlement officer, or settlement facilitator.

(b) A judge before whom a proceeding was tried or heard shall be disqualified from participating in any appellate review of that proceeding.

(c) At the request of a party or on its own motion an appellate court shall consider whether in the interests of justice it should direct that further proceedings be heard before a trial judge other than the judge whose judgment or order was reviewed by the appellate court.

SEC. 2. It is the intent of the Legislature in enacting this act to construe and clarify the meaning and effect of existing law and to reject the interpretation given to the law in Hartford Casualty Ins. Co. v. Superior Court of Los Angeles (2004) 125 Cal.App.4th 250.

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 clarify the law to avoid wholesale disqualifications of civil judges that could severely hamper a trial court's ability to manage its civil litigation calendar, it is necessary for this act to take effect immediately.

CHAPTER 333

An act to amend Section 1250 of the Health and Safety Code, relating to health facilities.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. It is the intent of the Legislature by this act amending Section 1250 of the Health and Safety Code to allow state hospitals that provide surgery and anesthesia services on less than a 24-hour basis on January 1, 2006, to be licensed if they otherwise meet all other applicable requirements for licensure under this section. Any personal services contract for surgical or anesthesia services in a general acute care hospital operated by the Department of Corrections and Rehabilitation or the Department of Veterans Affairs, or the State Department of Developmental Services shall comply with Section 19130 of the Government Code.

SEC. 2. Section 1250 of the Health and Safety Code is amended to read:

1250. As used in this chapter, "health facility" means any facility, place, or building that is organized, maintained, and operated for the diagnosis, care, prevention, and treatment of human illness, physical or mental, 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, to which the persons are admitted for a 24-hour stay or longer, and includes the following types:

(a) "General acute care hospital" means 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. A general acute care hospital may include more than one physical plant maintained and operated on separate premises as provided in Section 1250.8. A general acute care hospital that exclusively provides acute medical rehabilitation center services, including at least physical therapy, occupational therapy, and speech therapy, may provide for the required surgical and anesthesia services through a contract with another acute care hospital. In addition, a general acute care hospital that, on July 1, 1983, provided required surgical and anesthesia services through a contract or agreement with another acute care hospital may continue

to provide these surgical and anesthesia services through a contract or agreement with an acute care hospital. The general acute care hospital operated by the State Department of Developmental Services at Agnews Developmental Center may, until June 30, 2007, provide surgery and anesthesia services through a contract or agreement with another acute care hospital. Notwithstanding the requirements of this subdivision, a general acute care hospital operated by the Department of Corrections and Rehabilitation or the Department of Veterans Affairs may provide surgery and anesthesia services during normal weekday working hours, and not provide these services during other hours of the weekday or on weekends or holidays, if the general acute care hospital otherwise meets the requirements of this section.

A "general acute care hospital" includes a "rural general acute care hospital." However, a "rural general acute care hospital" shall not be required by the department to provide surgery and anesthesia services. A "rural general acute care hospital" shall meet either of the following conditions:

(1) The hospital meets criteria for designation within peer group six or eight, as defined in the report entitled Hospital Peer Grouping for Efficiency Comparison, dated December 20, 1982.

(2) The hospital meets the criteria for designation within peer group five or seven, as defined in the report entitled Hospital Peer Grouping for Efficiency Comparison, dated December 20, 1982, and has no more than 76 acute care beds and is located in a census dwelling place of 15,000 or less population according to the 1980 federal census.

(b) "Acute psychiatric hospital" means 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.

(c) "Skilled nursing facility" means a health facility that provides skilled nursing care and supportive care to patients whose primary need is for availability of skilled nursing care on an extended basis.

(d) "Intermediate care facility" means a health facility that provides inpatient care to ambulatory or nonambulatory patients who have recurring need for skilled nursing supervision and need supportive care, but who do not require availability of continuous skilled nursing care.

(e) "Intermediate care facility/developmentally disabled habilitative" means a facility with a capacity of 4 to 15 beds that provides 24-hour personal care, habilitation, developmental, and supportive health services

to 15 or fewer developmentally disabled persons who have intermittent recurring needs for nursing services, but have been certified by a physician and surgeon as not requiring availability of continuous skilled nursing care.

(f) "Special hospital" means 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 care in dentistry or maternity.

(g) "Intermediate care facility/developmentally disabled" means a facility that provides 24-hour personal care, habilitation, developmental, and supportive health services to developmentally disabled clients whose primary need is for developmental services and who have a recurring but intermittent need for skilled nursing services.

(h) "Intermediate care facility/developmentally disabled—nursing" means a facility with a capacity of 4 to 15 beds that provides 24-hour personal care, developmental services, and nursing supervision for developmentally disabled persons who have intermittent recurring needs for skilled nursing care but have been certified by a physician and surgeon as not requiring continuous skilled nursing care. The facility shall serve medically fragile persons who have developmental disabilities or demonstrate significant developmental delay that may lead to a developmental disability if not treated.

(i) (1) "Congregate living health facility" means a residential home with a capacity, except as provided in paragraph (4), of no more than six beds, that provides inpatient care, including the following basic services: medical supervision, 24-hour skilled nursing and supportive care, pharmacy, dietary, social, recreational, and at least one type of service specified in paragraph (2). The primary need of congregate living health facility residents shall be for availability of skilled nursing care on a recurring, intermittent, extended, or continuous basis. This care is generally less intense than that provided in general acute care hospitals but more intense than that provided in skilled nursing facilities.

(2) Congregate living health facilities shall provide one of the following services:

(A) Services for persons who are mentally alert, physically disabled persons, who may be ventilator dependent.

(B) Services for persons who have a diagnosis of terminal illness, a diagnosis of a life-threatening illness, or both. Terminal illness means the individual has a life expectancy of six months or less as stated in writing by his or her attending physician and surgeon. A "life-threatening illness" means the individual has an illness that can lead to a possibility of a termination of life within five years or less as stated in writing by his or her attending physician and surgeon.

(C) Services for persons who are catastrophically and severely disabled. A catastrophically and severely disabled person means a person whose origin of disability was acquired through trauma or nondegenerative neurologic illness, for whom it has been determined that active rehabilitation would be beneficial and to whom these services are being provided. Services offered by a congregate living health facility to a catastrophically disabled person shall include, but not be limited to, speech, physical, and occupational therapy.

(3) A congregate living health facility license shall specify which of the types of persons described in paragraph (2) to whom a facility is licensed to provide services.

(4) (A) A facility operated by a city and county for the purposes of delivering services under this section may have a capacity of 59 beds.

(B) A congregate living health facility not operated by a city and county servicing persons who are terminally ill, persons who have been diagnosed with a life-threatening illness, or both, that is located in a county with a population of 500,000 or more persons may have not more than 25 beds for the purpose of serving terminally ill persons.

(C) A congregate living health facility not operated by a city and county serving persons who are catastrophically and severely disabled, as defined in subparagraph (C) of paragraph (2) that is located in a county of 500,000 or more persons may have not more than 12 beds for the purpose of serving catastrophically and severely disabled persons.

(5) A congregate living health facility shall have a noninstitutional, homelike environment.

(j) (1) "Correctional treatment center" means a health facility operated by the Department of Corrections, the Department of the Youth Authority, or a county, city, or city and county law enforcement agency that, as determined by the state department, provides inpatient health services to that portion of the inmate population who do not require a general acute care level of basic services. This definition shall not apply to those areas of a law enforcement facility that houses inmates or wards that may be receiving outpatient services and are housed separately for reasons of improved access to health care, security, and protection. The health services provided by a correctional treatment center shall include, but are not limited to, all of the following basic services: physician and surgeon, psychiatrist, psychologist, nursing, pharmacy, and dietary. A correctional treatment center may provide the following services: laboratory, radiology, perinatal, and any other services approved by the state department.

(2) Outpatient surgical care with anesthesia may be provided, if the correctional treatment center meets the same requirements as a surgical

clinic licensed pursuant to Section 1204, with the exception of the requirement that patients remain less than 24 hours.

(3) Correctional treatment centers shall maintain written service agreements with general acute care hospitals to provide for those inmate physical health needs that cannot be met by the correctional treatment center.

(4) Physician and surgeon services shall be readily available in a correctional treatment center on a 24-hour basis.

(5) It is not the intent of the Legislature to have a correctional treatment center supplant the general acute care hospitals at the California Medical Facility, the California Men's Colony, and the California Institution for Men. This subdivision shall not be construed to prohibit the Department of Corrections from obtaining a correctional treatment center license at these sites.

(k) "Nursing facility" means a health facility licensed pursuant to this chapter that is certified to participate as a provider of care either as a skilled nursing facility in the federal Medicare Program under Title XVIII of the federal Social Security Act or as a nursing facility in the federal Medicaid program under Title XIX of the federal Social Security Act, or as both.

(*l*) Regulations defining a correctional treatment center described in subdivision (j) that is operated by a county, city, or city and county, the Department of Corrections, or the Department of the Youth Authority, shall not become effective prior to, or if effective, shall be inoperative until January 1, 1996, and until that time these correctional facilities are exempt from any licensing requirements.

CHAPTER 334

An act to amend Sections 8494, 8495, and 8841 of the Fish and Game Code, relating to fishing.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 8494 of the Fish and Game Code is amended to read:

8494. (a) Commencing April 1, 2006, any vessel using bottom trawl gear in state-managed halibut fisheries, as described in subdivision (a) of Section 8841, shall possess a valid California halibut bottom trawl

permit that has not been suspended or revoked and that is issued by the department authorizing the use of trawl gear by that vessel for the take of California halibut.

(b) A California halibut bottom trawl vessel permit shall be issued annually, commencing with the 2006 permit year. Commencing with the 2007–08 season, in order to be eligible for that permit, an applicant shall have been issued a California halibut bottom trawl vessel permit in the immediately preceding permit year.

(c) The department shall not issue a California halibut bottom trawl vessel permit pursuant to this section for use in the California halibut fishery unless that vessel has landed a minimum of 200 pounds of California halibut and reported that landing on fish landing receipts as being caught with bottom trawl gear in at least one of the following:

(1) At least two of the calendar years 1995 to 2003, inclusive.

(2) At least one of the calendar years 1995 to 2003, inclusive, and from January 1, 2004, to February 19, 2004, inclusive.

(d) Permits issued pursuant this section may be transferred only if at least one of the following occur:

(1) The commission adopts a restricted access program for the fishery that is consistent with the commission's policies regarding restricted access to commercial fisheries.

(2) Prior to the implementation of a restricted access program, the permit is transferred to another vessel owned by the same permitholder of equal or less capacity, as determined by the department, and if the originally permitted vessel was lost, stolen, destroyed, or suffered a major irreparable mechanical breakdown. The department may not issue a permit for a replacement vessel if the department determines that the originally permitted vessel was fraudulently reported as lost, stolen, destroyed, or damaged. Only the permitholder at the time of the loss, theft, destruction, or irreparable mechanical breakdown of a vessel may apply to transfer the vessel permit. Evidence that a vessel is lost, stolen, or destroyed shall be in the form of a copy of the report filed with the United States Coast Guard, or any other law enforcement agency or fire department that conducted an investigation of the loss.

(3) Prior to the implementation of a halibut trawl restricted access program, the commission may consider requests from a vessel permitholder or his or her conservator or estate representative to transfer a permit with the vessel if both of the following conditions are met:

(A) The permitholder has died, is permanently disabled, or the permitholder is at least 65 years of age and has decided to retire from commercial fishing.

(B) California halibut landings contributed significantly to the record and economic income derived from the vessel, as determined by

regulations adopted by the commission. The commission may request information that it determines is reasonably necessary from the permitholder or his or her heirs or estate for the purpose of verifying statements in the request prior to authorizing the transfer of the permit.

(e) The commission shall establish California halibut bottom trawl vessel permit fees based on the recommendations of the department and utilizing the guidelines outlined in subdivision (b) of Section 711 to cover the costs of administering this section. Prior to the adoption of a restricted access program pursuant to subdivision (d), fees may not exceed one thousand dollars ($1,000) per permit.

(f) Individuals holding a federal groundfish trawl permit may retain and land up to 150 pounds of California halibut per trip without a California halibut trawl permit in accordance with federal and state regulations, including, but not limited to, regulations developed under a halibut fishery management plan.

(g) This section shall become inoperative upon the adoption by the commission of a halibut fishery management plan in accordance with the requirements of Part 1.7 (commencing with Section 7050).

(h) The commission may adopt regulations to implement this section.

SEC. 2. Section 8495 of the Fish and Game Code is amended to read:

8495. (a) The following area is designated as the California halibut trawl grounds:

The ocean waters lying between one and three nautical miles from the mainland shore lying south and east of a line running due west (270° true) from Point Arguello and north and west of a line running due south (180° true) from Point Mugu.

(b) Notwithstanding the provisions of subdivision (a), the use of trawl gear for the take of fish is prohibited in the following areas of the California halibut trawl grounds:

(1) Around Point Arguello. The area from a line extending from Point Arguello true west (270°) and out three miles, to a line extending from Rocky Point true south (180°) and out three miles.

(2) Around Point Conception. From a point on land approximately one-half mile north of Point Conception at latitude 34° 27.5´ extending seaward true west (270°) from one to three miles, to a point on land approximately ½ mile east of Point Conception at longitude 120° 27.5´ extending seaward true south (180°) from one to three miles.

(3) In the Hueneme Canyon in that portion demarked by the IMO Vessel Traffic safety zone on NOAA/NOS Chart 18725 and from one mile to the three mile limit of state waters.

(4) In Mugu Canyon, from Laguna point, a line extending true south (180°) and out three miles, to Point Mugu, a line extending true south (180°) and from one to three miles.

(c) (1) Notwithstanding the provisions of subdivision (a), commencing April 1, 2008, the following areas in the California halibut trawl grounds shall be closed to trawling, unless the commission finds that a bottom trawl fishery for halibut minimizes bycatch, is likely not damaging sea floor habitat, is not adversely affecting ecosystem health, and is not impeding reasonable restoration of kelp, coral, or other biogenic habitats:

(A) The ocean waters lying between one and three nautical miles from the mainland shore from a point east of a line extending seaward true south (180°) from a point on land approximately ½ mile east of Point Conception at longitude 120° 27.5´ to a line extending due south from Gaviota.

(B) The ocean waters lying between one and two nautical miles from the mainland shore lying east of a line extending due south from Santa Barbara Point (180°) and west of a line extending due south from Pitas Point (180°).

(C) Except as provided in subdivision (b), the ocean waters lying between one and three nautical miles from the mainland shore lying south and east of a line running due west (270° true) from Point Arguello to a line extending seaward true south (180°) from a point on land approximately ½ mile east of Point Conception at longitude 120° 27.5´, and from the western border of the IMO Vessel Traffic safety zone on NOAA/NOS Chart 18725 in Hueneme Canyon running south and east to a line running due south (180° true) from Point Mugu.

(2) In making the finding described in paragraph (1), the commission shall pay special attention to areas where kelp and other biogenic habitats existed and where restoring those habitats is reasonably feasible, and to hard bottom areas and other substrate that may be particularly sensitive to bottom trawl impacts.

(d) Commencing January 1, 2008, the commission shall review information every three years from the federal groundfish observer program and other available research and monitoring information it determines relevant, and shall close any areas in the California halibut trawl grounds where it finds that the use of trawl gear does not minimize bycatch, is likely damaging sea floor habitat, is adversely affecting ecosystem health, or impedes reasonable restoration of kelp, coral, or other biogenic habitats. The commission shall pay special attention to areas where kelp and other biogenic habitats existed and where restoring those habitats is reasonably feasible, and to hard bottom areas and other substrate that may be particularly sensitive to bottom trawl impacts in making that finding.

(e) Notwithstanding any other provision of law, the commission shall determine the size, weight, and configuration of all parts of the trawl gear, including, but not limited to, net, mesh, doors, appurtenances, and

towing equipment as it determines is necessary to ensure trawl gear is used in a sustainable manner within the California halibut trawl grounds.

SEC. 3. Section 8841 of the Fish and Game Code is amended to read:

8841. (a) The commission is hereby granted authority over all state-managed bottom trawl fisheries not managed under a federal fishery management plan pursuant to the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. Sec. 1801 et seq.) or a state fishery management plan pursuant to Part 1.7 (commencing with Section 7050), to ensure that resources are sustainably managed, to protect the health of ecosystems, and to provide for an orderly transition to sustainable gear types in situations where bottom trawling may not be compatible with these goals.

(b) The commission is hereby granted authority to manage all of the following fisheries in a manner that is consistent with the requirements of this section and Part 1.7 (commencing with Section 7050):

(1) California halibut.

(2) Sea cucumber.

(3) Ridge-back, spot, and golden prawn.

(4) Pink shrimp.

(c) The commission is also granted authority over other types of gear targeting the same species as the bottom trawl fisheries referenced in subdivision (a) to manage in a manner that is consistent with the requirements of Part 1.7 (commencing with Section 7050).

(d) Every commercial bottom trawl vessel issued a state permit is subject to the requirements and policies of the federal groundfish observer program (50 C.F.R. 660.360).

(e) The commission may only authorize additional fishing areas for bottom trawls after it determines, based on the best available scientific information, that bottom trawling in those areas is sustainable, does not harm bottom habitat, and does not unreasonably conflict with other users.

(f) It is unlawful to use roller gear more than eight inches in diameter.

(g) Commencing April 1, 2006, it is unlawful to fish commercially for prawns or pink shrimp, unless an approved bycatch reduction device is used with each net. On or before April 1, 2006, the commission shall approve one or more bycatch reduction devices for use in the bottom trawl fishery. For purposes of this subdivision a rigid grate fish excluder device is the approved type of bycatch reduction device unless the commission, the Pacific Marine Fishery Management Council, or the National Marine Fisheries Service determines that a different type of fish excluder device has an equal or greater effectiveness at reducing bycatch. If the commission does not approve a bycatch reduction device prior to April 1, 2006, then a device that is approved by the Pacific

Marine Fishery Management Council or the National Marine Fisheries Service shall be deemed approved by the commission.

(h) Except as provided in Section 8495 or 8842, it is unlawful to engage in bottom trawling in ocean waters of the state.

(i) This section does not apply to the use of trawl nets pursuant to a scientific research permit.

(j) The commission shall facilitate the conversion of bottom trawlers to gear that is more sustainable if the commission determines that conversion will not contribute to overcapacity or overfishing. The commission may participate in, and encourage programs that support, conversion to low-impact gear or capacity reduction by trawl fleets. The department may not issue new permits to bottom trawlers to replace those retired through a conversion program.

(k) As soon as practicable, but not later than May 1, 2005, the commission and the department shall submit to the Pacific Fishery Management Council and the National Marine Fisheries Service a request for federal management measures for the pink shrimp fishery that the commission and the department determine are needed to reduce bycatch or protect habitat, to account for uncertainty, or to otherwise ensure consistency with federal groundfish management.

(*l*) No vessel may utilize bottom trawling gear without a state or federal permit.

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.

CHAPTER 335

An act to amend Sections 1725 and 1726 of the Health and Safety Code, relating to home health agencies.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 1725 of the Health and Safety Code is amended to read:

1725. (a) The purpose of this chapter is to require licensure of home health agencies in order to protect the health and safety of the people of California.

(b) All organizations that provide skilled nursing services to patients in the home shall obtain a home health agency license issued by the department.

(c) The department shall establish high standards of quality for home health agencies and ensure that unlicensed entities are not providing skilled nursing services in the home, except as set forth in Section 1726.

(d) The department shall require that the appropriate field staff be informed of the proper protocols and procedures to document, report, and investigate reported incidents of unlicensed facilities providing skilled nursing services in the home in order to protect public health and to facilitate statewide consistency in documenting and investigating those entities.

SEC. 2. Section 1726 of the Health and Safety Code is amended to read:

1726. (a) No private or public organization, including, but not limited to, any partnership, corporation, political subdivision of the state, or other governmental agency within the state, shall provide, or arrange for the provision of, skilled nursing services in the home in this state without first obtaining a home health agency license.

(b) No private or public organization, including, but not limited to, any partnership, corporation, or political subdivision of the state, or other governmental agency within the state, shall do any of the following unless it is licensed under this chapter:

(1) Represent itself to be a home health agency by its name or advertisement, soliciting, or any other presentments to the public, or in the context of services within the scope of this chapter imply that it is licensed to provide those services or to make any reference to employee bonding in relation to those services.

(2) Use the words "home health agency," "home health," "home-health," "homehealth," or "in-home health," or any combination of those terms, within its name.

(3) Use the words "skilled" or "nursing," or any combination of those terms within its name, to imply that it is licensed as a home health agency to provide those services.

(c) In implementing the system of licensing for home health agencies, the department shall distinguish between the functions of a home health

agency and the functions of an employment agency or a licensed nurses' registry pursuant to Title 2.91 (commencing with Section 1812.500) of Part 4 of Division 3 of the Civil Code. An employment agency or a licensed nurses' registry performing its functions as specified in Title 2.91 (commencing with Section 1812.500) of Part 4 of Division 3 of the Civil Code is not required to secure a home health agency license under subdivision (a), unless it is performing the functions of a home health agency, as defined in this chapter. However, subdivision (b) shall apply to an employment agency or a licensed nurses' registry that is not licensed under this chapter.

(d) A hospice is not required to secure a home health agency license under subdivision (a). However, subdivision (b) shall apply to a hospice that is not licensed under this chapter.

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

CHAPTER 336

An act to add Article 4.3 (commencing with Section 3260) to Chapter 1 of Division 3 of the Public Resources Code, relating to oil and gas, and making an appropriation therefor.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Article 4.3 (commencing with Section 3260) is added to Chapter 1 of Division 3 of the Public Resources Code, to read:

Article 4.3. Acute Orphan Wells

3260. For purposes of this article, the following definitions apply:

(a) "Account" means the Acute Orphan Well Account established under Section 3261.

(b) "Acute orphan well" means a well that the supervisor determines could pose an immediate danger to life, health, or natural resources and there is no operator determined by the supervisor to be responsible for plugging and abandoning the well pursuant to subdivision (c) of Section 3237 or who is able to respond.

3261. (a) Notwithstanding any other provision of this chapter, including the expenditure limitations of Section 3258, the division shall administer and manage the Acute Orphan Well Account, which is hereby established in the Oil, Gas, and Geothermal Administrative Fund.

(b) Except as expressly provided in Section 3264, the account shall only be used, upon appropriation, to plug, abandon, and further secure an acute orphan well. Use of the account is limited to the minimum work necessary to eliminate any immediate risk to life, health, or natural resources.

3262. (a) The Conservation Committee of the California Oil and Gas Producers shall act as an advisory committee, for the purposes of this article only, to assist the division in adopting criteria for determining whether a well is acute, and the level of surface or subsurface work necessary to plug and abandon and secure the well to eliminate the immediate risk to life, health, or natural resources. The division shall give substantial deference to these recommendations.

(b) If a recommendation of the committee is not followed, the division shall provide a written justification, approved by the supervisor, for not following the recommendation.

(c) The supervisor shall periodically consult with the Conservation Committee of the California Oil and Gas Producers to determine if the criteria developed pursuant to this section are being applied consistently, or if the criteria require revision to reflect changing circumstances.

3263. (a) The division shall establish the following fees, up to a maximum of one million dollars ($1,000,000) annually, and payable to the division, for the sole purpose of carrying out the activities described in Section 3261:

(1) There shall be imposed annually upon the person operating each oil and gas well in this state, or owning royalty or other interests in respect to the production from the well, a charge that shall be payable to the division and that shall be computed at a uniform rate per barrel of oil and at a uniform rate per 10,000 cubic feet of natural gas produced from the well for the preceding calendar year, other than gas that is used for recycling or otherwise in oil-producing operations, not to exceed an aggregate total of up to five hundred thousand dollars ($500,000) annually from all operating wells in the state. The fees to be paid shall be apportioned among all of those persons in fractional amounts proportionate to their respective fractional interests in respect to the

production of the well, but the whole of the discharge shall be payable by the operator, who shall withhold their respective proportionate shares of the charge from the amounts otherwise payable or deliverable to the owners of royalty or other interests.

(2) There shall be imposed annually upon the person operating each idle well in this state, as defined in subdivision (d) of Section 3008, a charge that shall be payable to the division. The maximum aggregate charge to be collected by the division shall not exceed five hundred thousand dollars ($500,000) annually. The amount of the charge to be assessed shall be determined by equally dividing the maximum aggregate annual charge to be collected by the total number of idle wells as of December 31 of the preceding year.

(b) The fee collections shall commence on March 1, 2006, based on production and idle well statistics as of December 31, 2005. The fee collections for 2007 shall be calculated based on production and idle well statistics as of December 31, 2006.

(c) Unless authorized by the Legislature, on or after January 1, 2008, the division shall not collect the fees established pursuant to subdivision (a).

3264. Notwithstanding the limitations contained in Section 3261 upon appropriation, a maximum of 5 percent of the total annual fees deposited in the account may be used by the division to administer the account, and to reimburse the division for any costs associated with developing the criteria required under Section 3262 and any costs incurred for the development of regulations authorized under Section 3266.

3265. If the balance in the account exceeds one million five hundred thousand dollars ($1,500,000) at the start of the fiscal year, the collection of all fees set forth in Section 3263 shall be suspended for that year.

3266. The division may adopt regulations to implement this article.

SEC. 2. The sum of one million five hundred thousand dollars ($1,500,000) is hereby appropriated from the Acute Orphan Well Account in the Oil, Gas, and Geothermal Administrative Fund to the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation for the purpose of carrying out Article 4.3 (commencing with Section 3260) of Chapter 1 of Division 1 of the Public Resources Code. The division shall not expend any of the funds appropriated under this section until it has received notice from the Controller that there are sufficient funds in the account to cover all proposed expenditures for the purposes described in this section.

CHAPTER 337

An act to amend Section 12814.6 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 12814.6 of the Vehicle Code is amended to read:

12814.6. (a) Except as provided in Section 12814.7, a 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 the person is either taking the driver training instruction referred to in paragraph (3) or practicing that instruction, provided the person is accompanied by, and is under the immediate supervision of, a California licensed driver 25 years of age or older 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 an integrated driver education and training program that is approved by the department and conducted by a driving instructor licensed under Chapter 1 (commencing with Section 11100) of Division 5. The program shall utilize segmented modules, whereby a portion of the educational instruction is provided by, and then reinforced through, specific behind-the-wheel training before moving to the next phase of driver education and training. The program shall

contain a minimum of 30 hours of classroom instruction and six hours of behind-the-wheel training.

(C) 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, and the 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.

(D) Except as provided under subparagraph (B), a student may not take driver training instruction, unless he or she 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 (2), during the first 12 months after issuance of a provisional license the licensee may 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 11 p.m. and 5 a.m.

(B) Transport passengers who are under 20 years of age.

(2) A licensee may drive between the hours of 11 p.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 may 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) 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) A conviction of paragraph (1)of subdivision (b), when reported to the department, may not 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 a 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) (1) Notwithstanding any other provision of this code, the department may issue a distinctive driver's license, that 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.

(2) 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. 2. Section 12814.6 of the Vehicle Code is amended to read:

12814.6. (a) Except as provided in Section 12814.7, a 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 the person is either taking the driver training instruction referred to in paragraph (3) or practicing that instruction, provided the person is accompanied by, and is under the immediate supervision of, a California licensed driver 25 years of age or older 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 an integrated driver education and training program that is approved by the department and conducted by a driving instructor licensed under Chapter 1 (commencing with Section 11100) of Division 5. The program shall utilize segmented modules, whereby a portion of the educational instruction is provided by, and then reinforced through, specific behind-the-wheel training before moving to the next phase of driver education and training. The program shall contain a minimum of 30 hours of classroom instruction and six hours of behind-the-wheel training.

(C) 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, and the 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.

(D) Except as provided under subparagraph (B), a student may not take driver training instruction, unless he or she 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 (2), during the first 12 months after issuance of a provisional license the licensee may 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 11 p.m. and 5 a.m.

(B) Transport passengers who are under 20 years of age.

(2) A licensee may drive between the hours of 11 p.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) (1) Upon a finding that a licensee has violated paragraph (1) of subdivision (b), the court shall impose either or both 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 48 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 sixty dollars ($60) 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 court orders community service and does not impose a fine, and that community service has not been completed within 90 days after the court order is imposed, the court shall impose a fine of not more than thirty-five dollars ($35) for a first offense and not more than sixty dollars ($60) for a second or subsequent offense.

(d) A conviction of paragraph (1) of subdivision (b) shall be given a value of one point under Section 12810 and may not be disclosed under Section 1808.

(e) A 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 suspension 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.

(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.

(f) Whenever action by the department under subdivision (e) 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.

(g) The department shall require a person whose driving privilege is suspended or revoked pursuant to subdivision (e) 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.

(h) (1) Notwithstanding any other provision of this code, the department may issue a distinctive driver's license, that 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.

(2) 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.

(i) 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.

(j) 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).

(k) This section shall be known and may be cited as the Brady-Jared Teen Driver Safety Act of 1997.

SEC. 3. Section 2 of this bill incorporates amendments to Section 12814.6 of the Vehicle Code proposed by both this bill and SB 806. It shall become operative only if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 12814.6 of the Vehicle Code, and (3) this bill is enacted after SB 806, in which case Section 12814.6 of the Vehicle Code, as amended by Section 1 of this bill, shall remain operative only until July 1, 2006, and Section 2 of this bill shall become operative on July 1, 2006.

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.

CHAPTER 338

An act to amend Sections 50911 and 51504 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 50911 of the Health and Safety Code is amended to read:

50911. (a) Notwithstanding Sections 11042 and 11043 of the Government Code, the executive director may employ as general counsel for the agency an attorney at law licensed in this state. The general counsel, or in his or her absence, the general counsel's designee, shall advise the board, the chairperson, and the executive director, when so requested, with regard to all matters in connection with the powers and duties of the agency and the board members and officers thereof. The general counsel shall serve as secretary to the board and shall perform all duties and services as general counsel to the agency that the agency may require of that person.

(b) Except as provided in Section 11040 of the Government Code, the Attorney General shall represent and appear for the people of the state and the agency in all court proceedings involving any question under this division or any order or act of the agency. However, the agency may also employ private counsel to assist in any court proceeding.

(c) Notwithstanding Sections 11042 and 11043 of the Government Code, the executive director may appoint as bond counsel for the agency an attorney or attorneys. Nothing in this section or any other provision of law shall preclude the appointment of more than one attorney to serve as bond counsel. However, at all times at least one attorney shall be licensed to practice law in this state. If the agency appoints more than

one bond counsel for a bond issue, the combined fees paid to all bond counsel shall not exceed those fees that would have been paid had only one bond counsel been appointed.

(d) Under the authority of this section, the executive director may appoint or retain an attorney or attorneys to undertake other appropriate legal studies and assignments not in conflict with this section.

SEC. 2. Section 51504 of the Health and Safety Code is amended to read:

51504. (a) The agency shall administer a downpayment assistance program that includes, but is not limited to, all of the following:

(1) Downpayment assistance shall include, but not be limited to, a deferred-payment, low-interest, junior mortgage loan to reduce the principal and interest payments and make financing affordable to first-time low- and moderate-income home buyers.

(2) (A) Except as provided in subparagraph (B) or (C), the amount of downpayment assistance shall not exceed 3 percent of the home sales price.

(B) The amount of downpayment assistance for a new home within an infill opportunity zone, as defined in Section 65088.1 of the Government Code, a transit village development district, as defined in Section 65460.4 of the Government Code, or a transit-oriented development specific plan area, as defined in paragraph (6), shall not exceed 5 percent of the purchase price or the appraised value, whichever amount is less, of the new home. The borrower of the downpayment assistance shall provide the lender originating the loan with a certification from the local government agency administering the infill opportunity zone, the transit village development district, or the transit-oriented development specific plan area that states that the property involved in the loan transaction is within the boundaries of either the infill opportunity zone, the transit village development district, or the transit-oriented development specific plan area.

(C) Notwithstanding paragraph (1), the agency may, but is not required to, provide downpayment assistance that does not exceed 6 percent of the home sales price to first-time low-income home buyers who, as documented to the agency by a nonprofit organization that is certified and funded to provide home ownership counseling by a federally funded national nonprofit corporation, are purchasing a residence in a community revitalization area targeted by the nonprofit organization as a neighborhood in need of economic stimulation, renovation, and rehabilitation through efforts that include increased home ownership opportunities for low-income families. The agency shall not use more than six million dollars ($6,000,000) in funds made available pursuant to Section 53533 for the purposes of this paragraph.

(3) The amount of the downpayment assistance shall be secured by a deed of trust in a junior position to the primary financing provided. The term of the loan for the downpayment assistance shall not exceed the term of the primary loan.

(4) The amount of the downpayment assistance shall be due and payable at the end of the term or upon sale of or refinancing of the home. The borrower may refinance the mortgages on the home provided that the principal and accrued interest on the junior mortgage loan securing the downpayment assistance are repaid in full. All repayments shall be made to the agency to be reallocated for the purposes of this chapter.

(5) The agency may use up to 5 percent of the funds appropriated by the Legislature for purposes of this chapter to administer this program.

(6) For the purposes of this section, "transit-oriented development specific plan area" means a specific plan that meets the criteria set forth in Section 65451 of the Government Code, is centered around a rail or light-rail station, ferry terminal, bus hub, or bus transfer station, and is intended to achieve a higher density use of land that facilitates use of the transit station.

(b) In addition to the downpayment assistance program authorized by subdivision (a), the agency may, at its discretion, use not more than seventy-five million dollars ($75,000,000) of the funds available pursuant to this chapter to finance the acquisition of land and the construction and development of for-sale residential structures, through short-term loans pursuant to its authority pursuant to Section 51100; however, the agency shall make downpayment assistance provided pursuant to paragraph (1), subparagraphs (A) and (B) of paragraph (2), and paragraphs (3) to (5), inclusive, of subdivision (a) the priority use for these funds. A loan made pursuant to this section is not subject to the provisions of Article 4 (commencing with Section 51175) of Chapter 5.

CHAPTER 339

An act to add Section 1041 to the Government Code, relating to state government.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 1041 is added to the Government Code, to read:

1041. (a) (1) The Department of Managed Health Care may require fingerprint images and associated information from a prospective employee whose duties would include access to medical information.

(2) The department shall require that any services contract or interagency agreement that may include review of medical information for compliance with the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code), and entered into, renewed, or amended after January 1, 2006, shall include a provision requiring the contractor to agree to permit the department to run criminal background checks on its employees, contractors, agents, or subcontractors that will have access to this information as part of their contract with the department.

(b) The fingerprint images and associated information of a prospective employee, contractor, agent, subcontractor, or employee of a contractor of the Department of Managed Health Care whose duties include or would include access to the information specified in subdivision (a), or any person who assumes those duties, may be furnished to the Department of Justice for the purpose of obtaining information as to the existence and nature of a record of state or federal level convictions and state or federal level arrests for which the Department of Justice establishes that the applicant was released on bail or on his or her own recognizance pending trial. Requests for federal level criminal offender record information, received by the Department of Justice, pursuant to this section, shall be forwarded to the Federal Bureau of Investigation by the Department of Justice.

(c) The Department of Justice shall respond to the Department of Managed Health Care with information as provided under subdivision (p) of Section 11105 of the Penal Code.

(d) The Department of Managed Health Care shall request subsequent arrest notification, from the Department of Justice, as provided under Section 11105.2 of the Penal Code, for applicants described in subdivision (a).

(e) The Department of Justice may assess a fee sufficient to cover the processing costs required under this section, as authorized pursuant to subdivision (e) of Section 11105 of the Penal Code.

(f) This section does not apply to an employee of the Department of Managed Health Care whose appointment occurred prior to January 1, 2006.

(g) The Department of Managed Health Care may investigate the criminal history for crimes involving moral turpitude of persons applying for employment in order to make a final determination of that person's

fitness to perform duties that would include any access to confidential information.

CHAPTER 340

An act to add Division 1.3 (commencing with Section 4100) to the Financial Code, relating to financial institutions.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Division 1.3 (commencing with Section 4100) is added to the Financial Code, to read:

DIVISION 1.3. FINANCIAL INSTITUTIONS

4100. On or after July 1, 2006, a supervised financial institution shall not issue a consumer deposit account number to a customer, if that account number was previously held by another customer of the institution, until at least three years have passed since the account of the other customer was closed. For purposes of this section, "consumer deposit account number" means an account number that the financial institution uses to identify a natural person's checking account or share draft account established primarily for personal, family, or household purposes and that includes the routing number of that institution that is used to identify the institution responsible for the payment of negotiable instruments.

CHAPTER 341

An act to amend Sections 6036, 6140, 6140.5, 6140.55, 6140.6, 6140.9, 6141, and 6141.1 of the Business and Professions Code, relating to attorneys.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 6036 of the Business and Professions Code is amended to read:

6036. (a) Any member of the board of governors must disqualify himself or herself from making, participating in the making of, or attempting to influence any decisions of the board or a committee of the board in which he or she has a financial interest, as that term is defined in Section 87103 of the Government Code, that it is reasonably foreseeable may be affected materially by the decision.

(b) Any member of the board of governors must likewise disqualify himself or herself when there exists a personal nonfinancial interest which will prevent the member from applying disinterested skill and undivided loyalty to the State Bar in making or participating in the making of decisions.

(c) Notwithstanding subdivisions (a) and (b), no member shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the action or decision to be made. The fact that a member's vote is needed to break a tie does not make his or her participation legally required for the purposes of this section.

(d) A member required to disqualify himself or herself because of a conflict of interest shall (1) immediately disclose the interest, (2) withdraw from any participation in the matter, (3) refrain from attempting to influence another member, and (4) refrain from voting. It is sufficient for the purpose of this section that the member indicate only that he or she has a disqualifying financial or personal interest.

(e) For purposes of this article and unless otherwise specified, "member" means any appointed or elected member of the board of governors.

SEC. 2. Section 6140 of the Business and Professions Code is amended to read:

6140. (a) The board shall fix the annual membership fee for active members for 2006 at a sum not exceeding three hundred ten dollars ($310).

(b) The board shall fix the annual membership fee for active members for 2007 and thereafter at a sum not exceeding three hundred fifteen dollars ($315).

(c) The annual membership fee for active members is payable on or before the first day of February of each year. If the board finds it appropriate and feasible, it may provide by rule for payment of fees on an installment basis with interest, by credit card, or other means, and

may charge members choosing any alternative method of payment an additional fee to defray costs incurred by that election.

(d) This section shall remain in effect only until January 1, 2008, and, as of that date, is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 3. Section 6140.5 of the Business and Professions Code is amended to read:

6140.5. (a) The board shall establish and administer a Client Security Fund to relieve or mitigate pecuniary losses caused by the dishonest conduct of active members of the State Bar, Foreign Legal Consultants registered with the State Bar, and attorneys registered with the State Bar under the Multijurisdictional Practice Program, arising from or connected with the practice of law. Any payments from the fund shall be discretionary and shall be subject to regulation and conditions as the board shall prescribe. The board may delegate the administration of the fund to the State Bar Court, or to any board or committee created by the board of governors.

(b) Upon making a payment to a person who has applied to the fund for payment to relieve or mitigate pecuniary losses caused by the dishonest conduct of an active member of the State Bar, the State Bar is subrogated, to the extent of that payment, to the rights of the applicant against any person or persons who, or entity that, caused the pecuniary loss. The State Bar may bring an action to enforce those rights within three years from the date of payment to the applicant.

(c) Any attorney whose actions have caused the payment of funds to a claimant from the Client Security Fund shall reimburse the fund for all moneys paid out as a result of his or her conduct with interest, in addition to payment of the assessment for the procedural costs of processing the claim, as a condition of continued practice. The reimbursed amount, plus applicable interest and costs, shall be added to and become a part of the membership fee of a publicly reproved or suspended member for the next calendar year. For a member who resigns with disciplinary charges pending or a member who is suspended or disbarred, the reimbursed amount, plus applicable interest and costs, shall be paid as a condition of reinstatement of membership.

(d) Any assessment against an attorney pursuant to subdivision (c) that is part of an order imposing a public reproval on a member or is part of an order imposing discipline or accepting a resignation with a disciplinary matter pending, may also be enforced as a money judgment. This subdivision does not limit the power of the Supreme Court to alter the amount owed or to authorize the State Bar Court, in the enforcement of a judgment under this subdivision, to approve an agreement for the compromise of that judgment.

SEC. 4. Section 6140.55 of the Business and Professions Code is amended to read:

6140.55. The board may increase the annual membership fees fixed by it pursuant to Section 6140 by an additional amount per active member not to exceed forty dollars ($40), and the annual membership fees fixed by it pursuant to Section 6141 by an additional amount per inactive member not to exceed ten dollars ($10), in any year, the additional amount to be applied only for the purposes of the Client Security Fund and the costs of its administration, including, but not limited to, the costs of processing, determining, defending, or insuring claims against the fund.

SEC. 5. Section 6140.6 of the Business and Professions Code is amended to read:

6140.6. The board may increase the annual membership fees fixed by Sections 6140 and 6141 by an additional amount not to exceed twenty-five dollars ($25) to be applied to the costs of the disciplinary system.

SEC. 6. Section 6140.9 of the Business and Professions Code is amended to read:

6140.9. Moneys for the support of the program established pursuant to Article 15 (commencing with Section 6230) and related programs approved by the committee established pursuant to Section 6231 shall be paid in whole or part by a fee of ten dollars ($10) per active member per year, and by a fee of five dollars ($5) per inactive member per year.

The board may seek alternative sources for funding the program. To the extent that funds from alternative sources are obtained and used for the support of the program, and provided that at least ten dollars ($10) per active member and five dollars ($5) per inactive member is available for support of the program each year, funds provided by the fee established by this section may be applied to the costs of State Bar general fund programs.

SEC. 7. Section 6141 of the Business and Professions Code is amended to read:

6141. (a) Until December 31, 2006, the board shall fix the annual membership fee for inactive members at a sum not exceeding sixty-five dollars ($65). On January 1, 2007, and thereafter, the board shall fix the annual membership fee for inactive members at a sum not exceeding seventy-five dollars ($75). The annual membership fee for inactive members is payable on or before the first day of February of each year.

(b) An inactive member shall not be required to pay the annual membership fee for inactive members for any calendar year following the calendar year in which the member attains the age of 70 years.

SEC. 8. Section 6141.1 of the Business and Professions Code is amended to read:

6141.1. (a) The payment by any member of the annual membership fee, any portion thereof, or any penalty thereon, may be waived by the board as it may provide by rule. The board may require submission of recent federal and state income tax returns and other proof of financial condition as to those members seeking waiver of all or a portion of their fee or penalties on the ground of financial hardship.

(b) The board shall adopt a rule or rules providing that an active member who can demonstrate total gross annual individual income from all sources of less than forty thousand dollars ($40,000) shall presumptively qualify for a waiver of 25 percent of the annual membership fee.

CHAPTER 342

An act to add Section 852 of the Military and Veterans Code, relating to military, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 852 is added to the Military and Veterans Code, to read:

852. There is hereby appropriated the sum of one hundred thirty thousand dollars ($130,000) from the General Fund to the Military Department for the purpose of paying death benefits, as prescribed by this chapter, to the families of members of the California National Guard, State Military Reserve, or Naval Militia who have lost their lives in the performance of duty, as determined by the Military Department.

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 implement Chapter 547 of the Statutes of 2004 that requires the state to pay a $10,000 death gratuity benefit to the surviving spouse or designated beneficiary of any member of the California National Guard, State Military Reserve, or Naval Militia who died or was killed in the performance of duty, as specified, and to immediately help those

families that qualify for those benefits, it is necessary that this act take effect immediately.

CHAPTER 343

An act to amend Section 6254.21 of the Government Code, relating to public officials.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 6254.21 of the Government Code is amended to read:

6254.21. (a) No state or local agency shall post the home address or telephone number of any elected or appointed official on the Internet without first obtaining the written permission of that individual.

(b) No person shall knowingly post the home address or telephone number of any elected or appointed official, or of the official's residing spouse or child on the Internet knowing that person is an elected or appointed official and intending to cause imminent great bodily harm that is likely to occur or threatening to cause imminent great bodily harm to that individual. A violation of this subdivision is a misdemeanor. A violation of this subdivision that leads to the bodily injury of the official, or his or her residing spouse or child, is a misdemeanor or a felony.

(c) (1) No person, business, or association shall publicly post or publicly display on the Internet the home address or telephone number of any elected or appointed official if that official has made a written demand of that person, business, or association to not disclose his or her home address or telephone number. A written demand made under this paragraph by a state constitutional officer, a mayor, or a Member of the Legislature, a city council, or a board of supervisors shall include a statement describing a threat or fear for the safety of that official or of any person residing at the official's home address. A written demand made under this paragraph by an elected official shall be effective for four years, regardless of whether or not the official's term has expired prior to the end of the four-year period. For this purpose, "publicly post" or "publicly display" means to intentionally communicate or otherwise make available to the general public.

(2) An official whose home address or telephone number is made public as a result of a violation of paragraph (1) may bring an action

seeking injunctive or declarative relief in any court of competent jurisdiction. If a jury or court finds that a violation has occurred, it may grant injunctive or declarative relief and shall award the official court costs and reasonable attorney's fees.

(d) (1) No person, business, or association shall solicit, sell, or trade on the Internet the home address or telephone number of an elected or appointed official with the intent to cause imminent great bodily harm to the official or to any person residing at the official's home address.

(2) Notwithstanding any other provision of law, an official whose home address or telephone number is solicited, sold, or traded in violation of paragraph (1) may bring an action in any court of competent jurisdiction. If a jury or court finds that a violation has occurred, it shall award damages to that official in an amount up to a maximum of three times the actual damages but in no case less than four thousand dollars ($4,000).

(e) An interactive computer service or access software provider, as defined in Section 230(f) of Title 47 of the United States Code, shall not be liable under this section unless the service or provider intends to abet or cause imminent great bodily harm that is likely to occur or threatens to cause imminent great bodily harm to an elected or appointed official.

(f) For purposes of this section, "elected or appointed official" includes, but is not limited to, all of the following:

(1) State constitutional officers.
(2) Members of the Legislature.
(3) Judges and court commissioners.
(4) District attorneys.
(5) Public defenders.
(6) Members of a city council.
(7) Members of a board of supervisors.
(8) Appointees of the Governor.
(9) Appointees of the Legislature.
(10) Mayors.
(11) City attorneys.
(12) Police chiefs and sheriffs.
(13) A public safety official as defined in Section 6254.24.
(14) State administrative law judges.
(15) Federal judges and federal defenders.
(16) Members of the United States Congress and appointees of the President.

(g) Nothing in this section is intended to preclude punishment instead under Sections 69, 76, or 422 of the Penal Code, or any other provision of law.

CHAPTER 344

An act to amend Sections 5019, 5020, 35555, 35566, 35710, 35710.5, 35722, 35753, and 35756, of, and to add Sections 35517 and 35710.1 to, the Education Code, relating to school districts.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 5019 of the Education Code is amended to read:

5019. (a) Except in a school district governed by a board of education provided for in the charter of a city or city and county, in any school district or community college district the county committee on school district organization may establish trustee areas, rearrange the boundaries of trustee areas, abolish trustee areas, and increase to seven or decrease to five the number of members of the governing board, or to adopt one of the alternative methods of electing governing board members specified in Section 5030.

(b) The county committee on school district organization may establish or abolish a common governing board for a high school district and an elementary school district within the boundaries of the high school district. The resolution of the county committee approving the establishment or abolition of a common governing board shall be presented to the electors of the school districts as specified in Section 5020.

(c) A proposal to make the changes described in subdivision (a) or (b) may be initiated by the county committee or made to the county committee either by a petition signed by 5 percent or 50, whichever is less, of the qualified registered voters residing in a district in which there are 2,500 or fewer qualified registered voters, or by a petition signed by 2 percent, or 250, whichever is less, of the qualified registered voters residing in a district in which there are 2,501 or more qualified registered voters or by resolution of the governing board of the district. For this purpose, the number of qualified registered voters in the district shall be determined pursuant to the most recent report submitted by the county

elections official to the Secretary of State under Section 610 or 6460 of the Elections Code.

When the proposal is made, the county committee shall call and conduct at least one hearing in the district on the matter. At the conclusion of the hearing, the county committee shall approve or disapprove the proposal.

(d) If the county committee approves pursuant to subdivision (a) the rearrangement of the boundaries of trustee areas for a particular district, then the rearrangement of the trustee areas shall be effectuated for the next district election occurring at least 120 days after its approval, unless at least 5 percent of the registered voters of the district sign a petition requesting an election on the proposed rearrangement of trustee area boundaries. The petition for an election shall be submitted to the elections official within 60 days of the proposal's adoption by the county committee. If the qualified registered voters approve pursuant to subdivision (b) or subdivision (c) the rearrangement of the boundaries to the trustee areas for a particular district, the rearrangement of the trustee areas shall be effective for the next district election occurring at least 120 days after its approval by the voters.

SEC. 1.5. Section 5019 of the Education Code is amended to read:

5019. (a) Except in a school district governed by a board of education provided for in the charter of a city or city and county, in any school district or community college district the county committee on school district organization may establish trustee areas, rearrange the boundaries of trustee areas, abolish trustee areas, and increase to seven or decrease to five the number of members of the governing board, or to adopt one of the alternative methods of electing governing board members specified in Section 5030.

(b) The county committee on school district organization may establish or abolish a common governing board for a high school district and an elementary school district within the boundaries of the high school district. The resolution of the county committee approving the establishment or abolition of a common governing board shall be presented to the electors of the school districts as specified in Section 5020.

(c) A proposal to make the changes described in subdivision (a) or (b) may be initiated by the county committee or made to the county committee either by a petition signed by 5 percent or 50, whichever is less, of the qualified registered voters residing in a district in which there are 2,500 or fewer qualified registered voters, or by a petition signed by 2 percent, or 250, whichever is less, of the qualified registered voters residing in a district in which there are 2,501 or more qualified registered voters or by resolution of the governing board of the district. For this

purpose, the necessary signatures for a petition shall be obtained within a period of 180 days before the submission of the petition to the county committee and the number of qualified registered voters in the district shall be determined pursuant to the most recent report submitted by the county elections official to the Secretary of State under Section 610 or 6460 of the Elections Code.

When the proposal is made, the county committee shall call and conduct at least one hearing in the district on the matter. At the conclusion of the hearing, the county committee shall approve or disapprove the proposal.

(d) If the county committee approves pursuant to subdivision (a) the rearrangement of the boundaries of trustee areas for a particular district, then the rearrangement of the trustee areas shall be effectuated for the next district election occurring at least 120 days after its approval, unless at least 5 percent of the registered voters of the district sign a petition requesting an election on the proposed rearrangement of trustee area boundaries. The petition for an election shall be submitted to the elections official within 60 days of the proposal's adoption by the county committee. If the qualified registered voters approve pursuant to subdivision (b) or subdivision (c) the rearrangement of the boundaries to the trustee areas for a particular district, the rearrangement of the trustee areas shall be effective for the next district election occurring at least 120 days after its approval by the voters.

SEC. 2. Section 5020 of the Education Code is amended to read:

5020. (a) The resolution of the county committee approving a proposal to establish or abolish trustee areas or to increase or decrease the number of members of the governing board shall constitute an order of election, and the proposal shall be presented to the electors of the district not later than the next succeeding election for members of the governing board.

(b) If a petition requesting an election on a proposal to rearrange trustee area boundaries is filed, containing at least 5 percent of the signatures of the district's registered voters as determined by the elections official, the proposal shall be presented to the electors of the district, at the next succeeding election for the members of the governing board, at the next succeeding statewide primary or general election, or at the next succeeding regularly scheduled election at which the electors of the district are otherwise entitled to vote, provided that there is sufficient time to place the issue on the ballot.

(c) If a petition requesting an election on a proposal to establish or abolish trustee areas, to increase or decrease the number of members of the board, or to adopt one of the alternative methods of electing governing board members specified in Section 5030 is filed, containing at least 10

percent of the signatures of the district's registered voters as determined by the elections official, the proposal shall be presented to the electors of the district, at the next succeeding election for the members of the governing board, at the next succeeding statewide primary or general election, or at the next succeeding regularly scheduled election at which the electors of the district are otherwise entitled to vote, provided that there is sufficient time to place the issue on the ballot. Before the proposal is presented to the electors, the county committee on school district organization may call and conduct one or more public hearings on the proposal.

(d) The resolution of the county committee approving a proposal to establish or abolish a common governing board for a high school and an elementary school district within the boundaries of the high school district shall constitute an order of election. The proposal shall be presented to the electors of the district at the next succeeding statewide primary or general election, or at the next succeeding regularly scheduled election at which the electors of the district are otherwise entitled to vote, provided that there is sufficient time to place the issue on the ballot.

(e) For each proposal there shall be a separate proposition on the ballot. The ballot shall contain the following words:

"For the establishment (or abolition or rearrangement) of trustee areas in ____ (insert name) School District—Yes" and "For the establishment (or abolition or rearrangement) of trustee areas in ____ (insert name) School District—No."

"For increasing the number of members of the governing board of ____ (insert name) School District from five to seven—Yes" and "For increasing the number of members of the governing board of ____ (insert name) School District from five to seven—No."

"For decreasing the number of members of the governing board of ____ (insert name) School District from seven to five—Yes" and "For decreasing the number of members of the governing board of ____ (insert name) School District from seven to five—No."

"For the election of each member of the governing board of the ____ (insert name) School District by the registered voters of the entire ____ (insert name) School District—Yes" and "For the election of each member of the governing board of the ____ (insert name) School District by the registered voters of the entire ____ (insert name) School District—No."

"For the election of one member of the governing board of the ____ (insert name) School District residing in each trustee area elected by the registered voters in that trustee area—Yes" and "For the election of one member of the governing board of the ____ (insert name) School District

residing in each trustee area elected by the registered voters in that trustee area—No."

"For the election of one member, or more than one member for one or more trustee areas, of the governing board of the ____ (insert name) School District residing in each trustee area elected by the registered voters of the entire ____ (insert name) School District—Yes" and "For the election of one member, or more than one member for one or more trustee areas, of the governing board of the ____ (insert name) School District residing in each trustee area elected by the registered voters of the entire ____ (insert name) School District—No."

"For the establishment (or abolition) of a common governing board in the ____ (insert name) School District and the ____ (insert name) School District—Yes" and "For the establishment (or abolition) of a common governing board in the ____ (insert name) School District and the ____ (insert name) School District—No."

If more than one proposal appears on the ballot, all must carry in order for any to become effective, except that a proposal to adopt one of the methods of election of board members specified in Section 5030 which is approved by the voters shall become effective unless a proposal which is inconsistent with that proposal has been approved by a greater number of voters. An inconsistent proposal approved by a lesser number of voters than the number which have approved a proposal to adopt one of the methods of election of board members specified in Section 5030 shall not be effective.

SEC. 3. Section 35517 is added to the Education Code, to read:

35517. "Uninhabited territory" means territory in which fewer than 12 persons are registered to vote at least 54 days before the time of filing of a petition or adoption of a resolution for a school district boundary change.

SEC. 4. Section 35555 of the Education Code is amended to read:

35555. The reorganization of any school district or districts shall not affect the classification of certificated employees already employed by any school district affected. Those employees have the same status with respect to their classification by the district, including time served as probationary employees of the district, after the reorganization as they had prior to it. If the reorganization results in the school or other place in which the employee is employed being maintained by another district, the employee, if a permanent employee of the district that formerly maintained the school or other place of employment, shall be employed as a permanent employee of the district which thereafter maintains the school or other place of employment, unless the employee elects prior to February 1 of the year in which the action will become effective for all purposes to continue in the employ of the first district.

If the employee is a probationary employee of the district which formerly maintained the school or other place of employment, he or she shall be employed by the district that thereafter maintains the school or other place of employment, unless the probationary employee is terminated by the district pursuant to Section 44929.21, 44948, 44948.3, 44949, or 44955, and, if not so terminated, his or her status with respect to classification by the district shall be the same as it would have been had the school or other place of employment continued to be maintained by the district which formerly maintained it. As used in this paragraph, "the school or other place in which the employee is employed" and all references thereto, includes, but is not limited to, the school services or school program which, as a result of any reorganization of a school district, will be provided by another district, regardless of whether any particular building or buildings in which the schoolwork or school program was conducted is physically located in the new district and regardless of whether any new district resulting from the reorganization elects to provide for the education of its pupils by contracting with another school district until the new district constructs its own facilities.

SEC. 5. Section 35566 of the Education Code is amended to read:

35566. Notwithstanding any provisions of this article, exchanges of property tax revenues between school districts as a result of reorganization shall be determined pursuant to subdivision (i) of Section 99 of the Revenue and Taxation Code if one or more affected school districts receiving only basic aid apportionments required by Section 6 of Article IX of the California Constitution.

SEC. 6. Section 35710 of the Education Code is amended to read:

35710. For all other petitions to transfer territory, if the county committee finds that the conditions enumerated in paragraphs (1) to (10), inclusive, of subdivision (a) of Section 35753 are substantially met, the county committee may approve the petition and, if approved, shall notify the county superintendent of schools who shall call an election in the territory of the districts as determined by the county committee, to be conducted at the next regular election in accordance with either of the following:

(a) Part 4 (commencing with Section 5000).

(b) Division 4 (commencing with Section 4000) of the Elections Code.

SEC. 7. Section 35710.1 is added to the Education Code, to read:

35710.1. Notwithstanding any other provision of law, an election may not be called to vote on a petition to transfer territory if the election area for that petition, as determined pursuant to Section 35732, is uninhabited territory as described in Section 35517. The county committee, if it approves that petition, shall order that the petition be granted and shall notify the county board of supervisors.

SEC. 8. Section 35710.5 of the Education Code is amended to read:

35710.5. (a) An action by the county committee approving or disapproving a petition pursuant to Section 35709, 35710, or 35710.1 may be appealed to the State Board of Education by the chief petitioners or one or more affected school districts. The appeal shall be limited to issues of noncompliance with the provisions of Section 35705, 35706, 35709, or 35710. If an appeal is made as to the issue of whether the proposed transfer will adversely affect the racial or ethnic integration of the schools of the districts affected, it shall be made pursuant to Section 35711.

(b) Within five days after the final action of the county committee, the appellant shall file with the county committee a notice of appeal and shall provide a copy to the county superintendent of schools, except that if the appellant is one of the affected school districts it shall have 30 days to file the notice of appeal with the county committee and provide a copy to the county superintendent. Upon the filing of the notice of appeal, the action of the county committee shall be stayed, pending the outcome of the appeal. Within 15 days after the filing of the notice of appeal, the appellant shall file with the county committee a statement of reasons and factual evidence. The county committee shall then, within 15 days of receipt of the statement, send to the State Board of Education the statement and the complete administrative record of the county committee proceedings, including minutes of the oral proceedings.

(c) Upon receipt of the appeal, the State Board of Education may elect either to review the appeal, or to ratify the county committee's decision by summarily denying review of the appeal. The board may review the appeal either solely on the administrative record or in conjunction with a public hearing. Following the review, the board shall affirm or reverse the action of the county committee, and if the petition will be sent to election, shall determine the territory in which the election is to be held. The board may reverse or modify the action of the county committee in any manner consistent with law.

(d) The decision of the board shall be sent to the county committee which shall notify the county board of supervisors or the county superintendent of schools pursuant to Section 35709, 35710, or 35710.1, as appropriate.

SEC. 9. Section 35722 of the Education Code is amended to read:

35722. Following the public hearing, or the last public hearing, required by Section 35720.5 or subdivision (d) of Section 35721, the county committee may adopt a final recommendation for unification or other reorganization and shall transmit that recommendation together with the petition filed under subdivision (a) or (b) of Section 35721, or with the resolution filed under subdivision (c) of Section 35721, if any,

to the State Board of Education for hearing as provided in Article 4 (commencing with Section 35750); or shall transmit the petition to the State Board of Education and order the reorganization granted if the requirements of Section 35709 are satisfied; or shall transmit the petition to the State Board of Education and order that an election be held if the requirements of Section 35710 are satisfied.

SEC. 10. Section 35753 of the Education Code is amended to read:

35753. (a) The State Board of Education may approve proposals for the reorganization of districts, if the board has determined, with respect to the proposal and the resulting districts, that all of the following conditions are substantially met:

(1) The reorganized districts will be adequate in terms of number of pupils enrolled.

(2) The districts are each organized on the basis of a substantial community identity.

(3) The proposal will result in an equitable division of property and facilities of the original district or districts.

(4) The reorganization of the districts will preserve each affected district's ability to educate students in an integrated environment and will not promote racial or ethnic discrimination or segregation.

(5) Any increase in costs to the state as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.

(6) The proposed reorganization will continue to promote sound education performance and will not significantly disrupt the educational programs in the districts affected by the proposed reorganization.

(7) Any increase in school facilities costs as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.

(8) The proposed reorganization is primarily designed for purposes other than to significantly increase property values.

(9) The proposed reorganization will continue to promote sound fiscal management and not cause a substantial negative effect on the fiscal status of the proposed district or any existing district affected by the proposed reorganization.

(10) Any other criteria as the board may, by regulation, prescribe.

(b) The State Board of Education may approve a proposal for the reorganization of school districts if the board determines that it is not practical or possible to apply the criteria of this section literally, and that the circumstances with respect to the proposals provide an exceptional situation sufficient to justify approval of the proposals.

SEC. 11. Section 35756 of the Education Code is amended to read:

35756. The county superintendent of schools, within 35 days after receiving the notification provided by Section 35755, shall call an election, to be conducted at the next available regular election, in the territory of districts as determined by the State Board of Education, in accordance with either of the following:

(a) As described in Part 4 (commencing with Section 5000).

(b) As described in Division 4 (commencing with Section 4000) of the Elections Code.

SEC. 12. Section 1.5 of this bill incorporates amendments to Section 5019 of the Education Code proposed by both this bill and AB 835. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 5019 of the Education Code, and (3) this bill is enacted after AB 835, in which case Section 1 of this bill shall not become operative.

SEC. 13. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 345

An act to add Chapter 3.3 (commencing with Section 820) to Division 4 of the Military and Veterans Code, relating to military service.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Chapter 3.3 (commencing with Section 820) is added to Division 4 of the Military and Veterans Code, to read:

CHAPTER 3.3. CALIFORNIA MILITARY FAMILIES FINANCIAL RELIEF ACT OF 2005

820. This chapter shall be known and may be cited as the "California Military Families Financial Relief Act of 2005."

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

(a) "Service member" means both of the following:

(1) Members of the militia called or ordered into active state service by the Governor pursuant to Section 143 or 146 or into active federal

service by the President of the United States pursuant to Title 10 or 32 of the United States Code.

(2) Reservists of the United States Military Reserve who have been called to full-time active duty.

(b) "Military service" means full-time active state service or full-time active federal service, as defined in paragraph (1) of subdivision (a), or full-time active duty of a reservist, as defined in paragraph (2) of subdivision (a), for a period of 30 consecutive days.

822. No county recorder in this state may impose a fee for the recordation of a power of attorney to act as the agent for a service member for the period the service member is in military service.

823. (a) Any service member who is in military service, or any spouse or legal dependent of that service member, may terminate, without penalty, a mobile telephony services contract that meets both of the following requirements:

(1) It is entered into on or after the effective date of this section.

(2) It is executed by or on behalf of the service member who is in military service, or by any spouse or legal dependent of that service member.

(b) Termination of the mobile telephony services contract shall not be effective until both of the following occur:

(1) Thirty days after the service member who is in military service or the spouse or legal dependent gives notice by certified mail, return receipt requested, of the intention to terminate the mobile telephony services contract, and provides a copy of the service member's activation or deployment order and any other information that substantiates the duration of the service member's military service.

(2) Unless the service member who is in military service, or any spouse or legal dependent of that service member, owns the mobile communication device, the mobile communication device is returned to the custody or control of the mobile telephony services company, or the service member who is in military service or the service member's spouse or legal dependent agrees in writing to return the mobile communication device as soon as practicable after the military service is completed.

824. (a) If requested by a student granted an academic leave of absence for military service, not later than one year after the student's release from military service, other than a dishonorable release, the institution in which the student is enrolled shall do either of the following, as elected by the student:

(1) Credit tuition and fee charges toward a subsequent academic term in an amount that is equal to 100 percent of what the student paid the institution for the academic term in which the student withdraws.

(2) Refund tuition and fees paid for the academic term, provided the student withdraws before the withdraw date established by the institution. The refund shall equal 100 percent of the tuition and fee charges the student paid the institution for the academic term. If the student withdraws after the withdraw date established by the institution, the student is ineligible for a refund of tuition and fee charges. For the purposes of this section, the "withdraw date" shall be the same as the date set by the institution for its general student population to withdraw from the institution or a course or class without academic penalty.

(b) If requested by a student granted an academic leave of absence for military service, not later than one year after the student's release from military service, other than a dishonorable release, the institution shall restore the student to the educational status the student had attained prior to being called to military service without loss of academic credits earned, scholarships or grants awarded, or tuition and other fees paid prior to the commencement of military service, except as provided in subdivision (a).

(c) If an institution fails to comply with this section, the student may bring an action against the institution to enforce its provisions in any court of competent jurisdiction of the county in which the student resides. If the student resides outside of this state, the action shall be brought in the court of the county in which the campus of the institution previously attended by the student is located. The court may award reasonable attorney's fees and expenses if the student prevails in the action.

(d) The Legislature hereby requests that the University of California adopt policies similar to those set forth in this section.

825. The State Bar of California shall waive the membership fees of any member who is a service member if all of the following requirements are met:

(a) The member was in good standing with the State Bar of California at the time the member enters into military service.

(b) The membership fees are for the period for which the service member is in military service.

(c) The service member, or the service member's spouse, provides written notice to the State Bar of California that substantiates the service member's military service.

826. On or after the effective date of the act adding this chapter, any service member who terminates a motor vehicle lease pursuant to the federal Servicemembers Civil Relief Act shall be allowed by the lessor to make payment of any arrearages and other obligations that are due and unpaid at the time of termination of the lease in equal installments over a period equal to at least the period of military service.

827. (a) A qualified customer may apply for and shall receive shutoff protection from a service provider for a period of 180 days. The service provider may grant extensions after the initial 180-day period.

(b) A qualified customer may apply for shutoff protection for utility service by notifying the service provider that he or she is in need of assistance because of a reduction in household income as the result of a member of a qualified household being called to active duty status in the military.

(c) Notification of the need for assistance shall be submitted in writing and accompanied by a copy of the activation or deployment order of a service member that specifies the duration of the active duty status. The written notification shall also include self-certification that the qualified household of the qualified customer will be occupied by the qualified customer's legal dependent or dependents during the duration of the shutoff protection period.

(d) A qualified customer receiving assistance under this section shall notify the service provider if the active duty status of the service member will be extended.

(e) If the qualified customer moves out of the residence that is receiving shutoff protection, he or she shall provide the service provider a written notice that includes the date of service termination and a forwarding address.

(f) Unless waived by the service provider, the shutoff protection provided under this section shall not void or limit the obligation of the qualified customer to pay for utility services received during the time of assistance.

(g) All service providers shall do the following:

(1) Establish a repayment plan requiring minimum monthly payments that allows the qualified customer to pay any past due amounts over a reasonable time period not to exceed one year after the service member's release from active military duty.

(2) Not charge late payment fees or interest to the qualified customer during the period of military service or the repayment period.

(h) This section shall not affect or amend any rules or orders of the Public Utilities Commission pertaining to billing standards.

(i) If terms and conditions under this section are not followed by the qualified customer, the service provider may follow its procedures and rules on customer standards and billing practices for providing electric, water, and gas residential services.

(j) For public utilities regulated by the Public Utilities Commission, the commission shall allow recovery of reasonable costs incurred to implement this section.

(k) For purposes of this section:

(1) "Service provider" means a provider of utility services, including, but not limited to, public utilities that are subject to the jurisdiction of the Public Utilities Commission, local publicly owned electric utilities, as defined by Section 9604 of the Public Utilities Code, and public water, sewer, or solid waste collection services, or any combination thereof. "Service provider" does not include any corporation described in subdivision (a) of Section 234 of the Public Utilities Code.

(2) "Qualified customer" means the customer of record of a qualified household.

(3) A "qualified household" is a residential household for which the income is reduced because the customer of record, the spouse of the customer of record, or the registered domestic partner of the customer of record, as defined by Section 297.5 of the Family Code, is a service member called to full-time active military service by the President of the United States or the Governor of this state during a time of declared national or state emergency or war.

828. The Military Department shall, to the extent reasonable and feasible, inform all members of the militia of the benefits and protections provided by this act, and of similar benefits and protections provided by any other law.

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

CHAPTER 346

An act to amend Section 51182 of the Government Code, and to amend Section 4291 of the Public Resources Code, relating to forestry and fire protection.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 51182 of the Government Code is amended to read:

51182. (a) A person who owns, leases, controls, operates, or maintains any occupied dwelling or occupied structure in, upon, or adjoining any mountainous area, forest-covered land, brush-covered

land, grass-covered land, or any land that is covered with flammable material, which area or land is within a very high fire hazard severity zone designated by the local agency pursuant to Section 51179, shall at all times do all of the following:

(1) Maintain around and adjacent to the occupied dwelling or occupied structure a firebreak made by removing and clearing away, for a distance of not less than 30 feet on each side thereof or to the property line, whichever is nearer, all flammable vegetation or other combustible growth. This paragraph does not apply to single specimens of trees, ornamental shrubbery, or similar plants that are used as ground cover, if they do not form a means of rapidly transmitting fire from the native growth to any dwelling or structure.

(2) Maintain around and adjacent to the occupied dwelling or occupied structure additional fire protection or firebreaks made by removing all brush, flammable vegetation, or combustible growth that is located within 100 feet from the occupied dwelling or occupied structure or to the property line, or at a greater distance if required by state law, or local ordinance, rule, or regulation. This section does not prevent an insurance company that insures an occupied dwelling or occupied structure from requiring the owner of the dwelling or structure to maintain a firebreak of more than 100 feet around the dwelling or structure if a hazardous condition warrants such a firebreak of a greater distance. Grass and other vegetation located more than 30 feet from the dwelling or structure and less than 18 inches in height above the ground may be maintained where necessary to stabilize the soil and prevent erosion.

(3) Remove that portion of any tree that extends within 10 feet of the outlet of any chimney or stovepipe.

(4) Maintain any tree adjacent to or overhanging any building free of dead or dying wood.

(5) Maintain the roof of any structure free of leaves, needles, or other dead vegetative growth.

(6) Prior to constructing a new dwelling or structure that will be occupied or rebuilding an occupied dwelling or occupied structure damaged by a fire in that zone, the construction or rebuilding of which requires a building permit, the owner shall obtain a certification from the local building official that the dwelling or structure, as proposed to be built, complies with all applicable state and local building standards, including those described in subdivision (b) of Section 51189, and shall provide a copy of the certification, upon request, to the insurer providing course of construction insurance coverage for the building or structure. Upon completion of the construction or rebuilding, the owner shall obtain from the local building official, a copy of the final inspection report that demonstrates that the dwelling or structure was constructed in compliance

with all applicable state and local building standards, including those described in subdivision (b) of Section 51189, and shall provide a copy of the report, upon request, to the property insurance carrier that insures the dwelling or structure.

(b) A person is not required under this section to maintain any clearing on any land if that person does not have the legal right to maintain the clearing, nor is any person required to enter upon or to damage property that is owned by any other person without the consent of the owner of the property.

SEC. 1.5. Section 51182 of the Government Code is amended to read:

51182. (a) A person who owns, leases, controls, operates, or maintains any occupied dwelling or occupied structure in, upon, or adjoining any mountainous area, forest-covered land, brush-covered land, grass-covered land, or any land that is covered with flammable material, which area or land is within a very high fire hazard severity zone designated by the local agency pursuant to Section 51179, shall at all times do all of the following:

(1) Maintain around and adjacent to the occupied dwelling or occupied structure a firebreak made by removing and clearing away, for a distance of not less than 30 feet on each side thereof or to the property line, whichever is nearer, all flammable vegetation or other combustible growth. This paragraph does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to any dwelling or structure.

(2) Maintain around and adjacent to the occupied dwelling or occupied structure additional fire protection or firebreaks made by removing all brush, flammable vegetation, or combustible growth that is located within 100 feet from the occupied dwelling or occupied structure or to the property line, or at a greater distance if required by state law, or local ordinance, rule, or regulation. This section does not prevent an insurance company that insures an occupied dwelling or occupied structure from requiring the owner of the dwelling or structure to maintain a firebreak of more than 100 feet around the dwelling or structure if a hazardous condition warrants such a firebreak of a greater distance. Grass and other vegetation located more than 30 feet from the dwelling or structure and less than 18 inches in height above the ground may be maintained where necessary to stabilize the soil and prevent erosion. This paragraph does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to a dwelling or structure.

(3) Remove that portion of any tree that extends within 10 feet of the outlet of any chimney or stovepipe.

(4) Maintain any tree adjacent to or overhanging any building free of dead or dying wood.

(5) Maintain the roof of any structure free of leaves, needles, or other dead vegetative growth.

(6) Prior to constructing a new dwelling or structure that will be occupied or rebuilding an occupied dwelling or occupied structure damaged by a fire in that zone, the construction or rebuilding of which requires a building permit, the owner shall obtain a certification from the local building official that the dwelling or structure, as proposed to be built, complies with all applicable state and local building standards, including those described in subdivision (b) of Section 51189, and shall provide a copy of the certification, upon request, to the insurer providing course of construction insurance coverage for the building or structure. Upon completion of the construction or rebuilding, the owner shall obtain from the local building official, a copy of the final inspection report that demonstrates that the dwelling or structure was constructed in compliance with all applicable state and local building standards, including those described in subdivision (b) of Section 51189, and shall provide a copy of the report, upon request, to the property insurance carrier that insures the dwelling or structure.

(b) A person is not required under this section to maintain any clearing on any land if that person does not have the legal right to maintain the clearing, nor is any person required to enter upon or to damage property that is owned by any other person without the consent of the owner of the property.

SEC. 2. Section 4291 of the Public Resources Code is amended to read:

4291. A person that owns, leases, controls, operates, or maintains a building or structure in, upon, or adjoining any mountainous area, forest-covered lands, brush-covered lands, grass-covered lands, or any land that is covered with flammable material, shall at all times do all of the following:

(a) Maintain around and adjacent to the building or structure a firebreak made by removing and clearing away, for a distance of not less than 30 feet on each side of the building or structure or to the property line, whichever is nearer, all flammable vegetation or other combustible growth. This subdivision does not apply to single specimens of trees, ornamental shrubbery, or similar plants that are used as ground cover, if they do not form a means of rapidly transmitting fire from the native growth to any building or structure.

(b) Maintain around and adjacent to the building or structure additional fire protection or firebreak made by removing all brush, flammable vegetation, or combustible growth that is located within 100 feet from the building or structure or to the property line or at a greater distance if required by state law, or local ordinance, rule, or regulation. This section does not prevent an insurance company that insures a building or structure from requiring the owner of the building or structure to maintain a firebreak of more than 100 feet around the building or structure. Grass and other vegetation located more than 30 feet from the building or structure and less than 18 inches in height above the ground may be maintained where necessary to stabilize the soil and prevent erosion.

(c) Remove that portion of any tree that extends within 10 feet of the outlet of a chimney or stovepipe.

(d) Maintain any tree adjacent to or overhanging a building free of dead or dying wood.

(e) Maintain the roof of a structure free of leaves, needles, or other dead vegetative growth.

(f) Prior to constructing a new building or structure or rebuilding a building or structure damaged by a fire in such an area, the construction or rebuilding of which requires a building permit, the owner shall obtain a certification from the local building official that the dwelling or structure, as proposed to be built, complies with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the certification, upon request, to the insurer providing course of construction insurance coverage for the building or structure. Upon completion of the construction or rebuilding, the owner shall obtain from the local building official, a copy of the final inspection report that demonstrates that the dwelling or structure was constructed in compliance with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the report, upon request, to the property insurance carrier that insures the dwelling or structure.

(g) Except as provided in Section 18930 of the Health and Safety Code, the director may adopt regulations exempting structures with exteriors constructed entirely of nonflammable materials, or conditioned upon the contents and composition of same, he or she may vary the requirements respecting the removing or clearing away of flammable vegetation or other combustible growth with respect to the area surrounding those structures.

No exemption or variance shall apply unless and until the occupant thereof, or if there is not an occupant, the owner thereof, files with the

department, in a form as the director shall prescribe, a written consent to the inspection of the interior and contents of the structure to ascertain whether this section and the regulations adopted under this section are complied with at all times.

(h) The director may authorize the removal of vegetation that is not consistent with the standards of this section. The director may prescribe a procedure for the removal of that vegetation and make the expense a lien upon the building, structure, or grounds, in the same manner that is applicable to a legislative body under Section 51186 of the Government Code.

(i) As used in this section, "person" means a private individual, organization, partnership, limited liability company, or corporation.

SEC. 2.5. Section 4291 of the Public Resources Code is amended to read:

4291. A person that owns, leases, controls, operates, or maintains a building or structure in, upon, or adjoining any mountainous area, forest-covered lands, brush-covered lands, grass-covered lands, or any land that is covered with flammable material, shall at all times do all of the following:

(a) Maintain around and adjacent to the building or structure a firebreak made by removing and clearing away, for a distance of not less than 30 feet on each side of the building or structure or to the property line, whichever is nearer, all flammable vegetation or other combustible growth. This subdivision does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to any building or structure.

(b) Maintain around and adjacent to the building or structure additional fire protection or firebreak made by removing all brush, flammable vegetation, or combustible growth that is located within 100 feet from the building or structure or to the property line or at a greater distance if required by state law, or local ordinance, rule, or regulation. This section does not prevent an insurance company that insures a building or structure from requiring the owner of the building or structure to maintain a firebreak of more than 100 feet around the building or structure. Grass and other vegetation located more than 30 feet from the building or structure and less than 18 inches in height above the ground may be maintained where necessary to stabilize the soil and prevent erosion. This subdivision does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to a dwelling or structure.

(c) Remove that portion of any tree that extends within 10 feet of the outlet of a chimney or stovepipe.

(d) Maintain any tree adjacent to or overhanging a building free of dead or dying wood.

(e) Maintain the roof of a structure free of leaves, needles, or other dead vegetative growth.

(f) Prior to constructing a new building or structure or rebuilding a building or structure damaged by a fire in such an area, the construction or rebuilding of which requires a building permit, the owner shall obtain a certification from the local building official that the dwelling or structure, as proposed to be built, complies with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the certification, upon request, to the insurer providing course of construction insurance coverage for the building or structure. Upon completion of the construction or rebuilding, the owner shall obtain from the local building official, a copy of the final inspection report that demonstrates that the dwelling or structure was constructed in compliance with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the report, upon request, to the property insurance carrier that insures the dwelling or structure.

(g) Except as provided in Section 18930 of the Health and Safety Code, the director may adopt regulations exempting structures with exteriors constructed entirely of nonflammable materials, or conditioned upon the contents and composition of same, he or she may vary the requirements respecting the removing or clearing away of flammable vegetation or other combustible growth with respect to the area surrounding those structures.

No exemption or variance shall apply unless and until the occupant thereof, or if there is not an occupant, the owner thereof, files with the department, in a form as the director shall prescribe, a written consent to the inspection of the interior and contents of the structure to ascertain whether this section and the regulations adopted under this section are complied with at all times.

(h) The director may authorize the removal of vegetation that is not consistent with the standards of this section. The director may prescribe a procedure for the removal of that vegetation and make the expense a lien upon the building, structure, or grounds, in the same manner that is applicable to a legislative body under Section 51186 of the Government Code.

(i) As used in this section, "person" means a private individual, organization, partnership, limited liability company, or corporation.

SEC. 3. Not later than July 1, 2006, the State Fire Marshal shall develop and submit to the California Building Standards Commission for adoption and approval, building regulations that strengthen and improve existing requirements in the California Building Standards Code governing the location of screens and required screen mesh size for purposes of fire prevention. The proposed regulations shall be accompanied the analysis required pursuant to subdivision (a) of Section 18930 of the Health and Safety Code justifying the approval of those regulations.

SEC. 4. (a) Section 1.5 of this bill incorporates amendments to Section 51182 of the Government Code proposed by both this bill and SB 502. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 51182 of the Government Code, and (3) this bill is enacted after SB 502, in which case Section 1 of this bill shall not become operative.

(b) Section 2.5 of this bill incorporates amendments to Section 4291 of the Public Resources Code proposed by both this bill and SB 502. It shall only become operative if (1) both bills are enacted and become effective on January 1, 2006, (2) each bill amends Section 4291 of the Public Resources Code, and (3) this bill is enacted after SB 502, in which case Section 2 of this bill shall not become operative.

CHAPTER 347

An act to amend Sections 56157, 56325, 56381, 56425, 56663, 56743, 57000, 57051, and 57077 of, and to repeal Section 54975 of, the Government Code, and to amend Sections 13801 and 14051 of the Public Utilities Code, relating to local government reorganization.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 54975 of the Government Code is repealed.

SEC. 2. Section 56157 of the Government Code is amended to read:

56157. When mailed notice is required to be given to:

(a) A county, city, or district, it shall be addressed to the clerk of the county, city, or district.

(b) A commission, it shall be addressed to the executive officer.

(c) Proponents, it shall be addressed to the persons so designated in the petition at the address specified in the petition.

(d) Landowners, it shall be addressed to each person to whom land is assessed, as shown upon the most recent assessment roll being prepared by the county at the time the proponent adopts a resolution of application pursuant to Section 56654 or files a notice of intention to circulate a petition with the executive officer pursuant to subdivision (a) of Section 56700.4, at the address shown upon the assessment roll and to all landowners within 300 feet of the exterior boundary of the property that is the subject of the hearing at least 21 days prior to the hearing. This requirement may be waived if proof satisfactory to the commission is presented that shows that individual notices to landowners have already been provided by the initiating agency. Notice also shall be either posted or published in accordance with Section 56153 in a newspaper of general circulation that is circulated within the affected territory 21 days prior to the hearing.

(e) Persons requesting special notice, it shall be addressed to each person who has filed a written request for special notice with the executive officer or clerk at the mailing address specified in the request.

(f) To all registered voters within the affected territory, to the address as shown on the most recent index of affidavits prepared by the county elections official at the time the proponent adopts a resolution of application pursuant to Section 56654 or files a notice of intention to circulate a petition with the executive officer pursuant to subdivision (a) of Section 56700.4 and to all registered voters within 300 feet of the exterior boundary of the property that is the subject of the hearing at least 21 days prior to the hearing. This requirement may be waived if proof satisfactory to the commission is presented that shows that individual notices to registered voters have already been provided by the initiating agency. Notice shall also either be posted or published in accordance with Section 56153 in a newspaper of general circulation that is circulated within the affected territory 21 days prior to the hearing.

(g) If the total number of notices required to be mailed in accordance with subdivisions (d) and (f) exceeds 1,000, then notice may instead be provided pursuant to paragraph (3) of subdivision (a) of Section 65091.

SEC. 3. Section 56325 of the Government Code is amended to read:

56325. There is hereby continued in existence in each county a local agency formation commission. Except as otherwise provided in this chapter, the commission shall consist of members selected as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall be an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission.

If the office of a regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) Two selected by the cities in the county, each of whom shall be a mayor or council member, appointed by the city selection committee. The city selection committee shall also designate one alternate member who shall be appointed and serve pursuant to Section 56335. The alternate shall also be a mayor or council member. The city selection committee is encouraged to select members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(c) Two presiding officers or members of legislative bodies of independent special districts selected by the independent special district selection committee pursuant to Section 56332. The independent special district selection committee shall also designate a presiding officer or member of the legislative body of an independent special district as an alternative member who shall be appointed and serve pursuant to Section 56332. The independent special district selection committee is encouraged to make selections that fairly represent the diversity of the independent special districts in the county, with respect to population and geography.

(d) One representing the general public appointed by the other members of the commission. The other members of the commission may also designate one alternate member who shall be appointed and serve pursuant to Section 56331. Selection of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members selected by each of the other appointing authorities. Whenever a vacancy occurs in the public member or alternate public member position, the commission shall cause a notice of vacancy to be posted as provided in Section 56158. A copy of this notice shall be sent to the clerk or secretary of the legislative body of each local agency within the county. Final appointment to fill the vacancy may not be made for at least 21 days after the posting of the notice.

SEC. 4. 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 the 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, or by an alternative method approved by a majority of the agencies, representing a majority of their combined populations. 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. It is the intent of the Legislature that no single district or class or type of district shall bear a disproportionate amount of the district share of costs.

(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 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 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 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.

(iv) As used in this subparagraph "net from operations" means total operating revenue less total operating expenses.

(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 an individual district's apportionment exceed the amount that would be calculated pursuant to subparagraphs (C) and (D), or in excess of 50 percent of the total independent special districts' share, without the consent of that district.

(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, without the consent of the district as otherwise provided in this section. 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. However, in no event shall an individual district's apportionment exceed the amount that would be calculated pursuant to subparagraphs (C) and (D) of paragraph (1), or in excess of 50 percent of the total independent special districts' share, without the consent of that district.

(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. The commission shall appropriate sufficient funds in its budget for the subsequent fiscal year to repay the loan.

SEC. 5. Section 56425 of the Government Code is amended to read:

56425. (a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

(b) At least 30 days prior to submitting an application to the commission for a determination of a new sphere of influence, or to update an existing sphere of influence for a city, representatives from the city shall meet with county representatives to discuss the proposed sphere, and its boundaries, and explore methods to reach agreement on the boundaries, development standards, and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere. If no agreement is reached between the city and county within 30 days, then the parties may, by mutual agreement, extend discussions for an additional period of 30 days. If an agreement is reached between the city and county regarding the boundaries, development standards, and zoning requirements within the proposed sphere, the agreement shall be forwarded to the commission, and the commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement in the commission's final determination of the city sphere.

(c) If the commission's final determination is consistent with the agreement reached between the city and county pursuant to subdivision (b), the agreement shall be adopted by both the city and county after a noticed public hearing. Once the agreement has been adopted by the affected local agencies and their respective general plans reflect that agreement, then any development approved by the county within the sphere shall be consistent with the terms of that agreement.

(d) If no agreement is reached pursuant to subdivision (b), the application may be submitted to the commission and the commission shall consider a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section.

(e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

(1) The present and planned land uses in the area, including agricultural and open-space lands.

(2) The present and probable need for public facilities and services in the area.

(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

(f) Upon determination of a sphere of influence, the commission shall adopt that sphere.

(g) On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence.

(h) The commission may recommend governmental reorganizations to particular agencies in the county, using the spheres of influence as the basis for those recommendations. Those recommendations shall be made available, upon request, to other agencies or to the public. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

(i) When adopting, amending, or updating a sphere of influence for a special district, the commission shall do all of the following:

(1) Require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

(2) Establish the nature, location, and extent of any functions or classes of services provided by existing districts.

(j) Subdivisions (b), (c), and (d) shall become inoperative as of January 1, 2007, unless a later enacted statute, that becomes operative on or before January 1, 2007, deletes or extends that date.

SEC. 6. Section 56663 of the Government Code is amended to read:

56663. (a) If a petition for an annexation, a detachment, or a reorganization consisting solely of annexations or detachments, or both, or the formation of a county service area is signed by all of the owners of land within the affected territory of the proposed change of organization or reorganization, or if a resolution of application by a legislative body of an affected district, affected county, or affected city making a proposal for an annexation or detachment, or for a reorganization consisting solely of annexations or detachments, or both, or the formation of a county service area is accompanied by proof, satisfactory to the commission, that all the owners of land within the affected territory have given their written consent to that change of organization or reorganization, the commission may approve or disapprove the change of organization or reorganization, without notice and hearing by the commission. In those cases, the commission may

also approve and conduct proceedings for the change of organization or reorganization under any of the following conditions:

(1) Without notice and hearing.

(2) Without an election.

(3) Without notice, hearing, or an election.

(b) The executive officer shall give any affected agency mailed notice of the filing of the petition or resolution of application initiating proceedings by the commission. The commission shall not, without the written consent of the subject agency, take any further action on the petition or resolution of application for 10 days following that mailing. Upon written demand by an affected local agency, filed with the executive officer during that 10-day period, the commission shall make determinations upon the petition or resolution of application only after notice and hearing on the petition or resolution of application. If no written demand is filed, the commission may make those determinations without notice and hearing. By written consent, which may be filed with the executive officer at any time, a subject agency may do any of the following:

(1) Waive the requirement of mailed notice.

(2) Consent to the commission making determinations without notice and hearing.

(3) Waive the requirement of mailed notice and consent to the commission making determinations without notice and hearing.

(c) In the case of uninhabited territory, the commission may waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely if both of the following apply:

(1) All the owners of land within the affected territory have given their written consent to the change of organization or reorganization.

(2) All subject agencies have not submitted written opposition to a waiver of protest proceedings.

(d) In the case of inhabited city and district annexations or detachments, or both, the commission may waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely if both of the following conditions apply:

(1) The commission has provided written notice of commission proceedings to all registered voters and landowners within the affected territory and no written opposition from registered voters or landowners within the affected territory is received prior to the conclusion of the commission meeting. The written notice shall disclose to the registered voters and landowners that unless written opposition is received regarding the proposal or the commission's intention to waive protest proceedings, that there will be no subsequent protest and election proceedings.

(2) All subject agencies have not submitted written opposition to a waiver of protest proceedings.

SEC. 7. Section 56743 of the Government Code is amended to read:

56743. (a) Notwithstanding Section 56741, upon approval of the commission a city may annex noncontiguous territory not exceeding 3,100 acres in area, which is located in the same county as that in which the city is situated, and which is owned by the city and is being used for municipal water purposes, wildlife habitat, or sustainable forestry that is subject to an adopted city forest management plan at the time preliminary proceedings are initiated pursuant to this part. If, after the completion of the annexation, the city sells that territory or any part thereof, all of that territory that is no longer owned by the city shall cease to be a part of the city.

(b) If territory is annexed pursuant to this section, the annexing city may not annex any territory not owned by it and not contiguous to it although that territory is contiguous to the territory annexed pursuant to this section.

(c) 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 of that territory from the city. 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 provided for by Chapter 8 (commencing with Section 57200) of Part 4.

(d) 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.

(e) If territory is annexed pursuant to this section, it shall be used only for municipal water purposes, wildlife habitat, or sustainable forestry that is subject to an adopted city forest management plan. The city may, however, enter into agreements to lease the land for timber production or grazing by animals. If the territory is used by the city for any other purpose at any time, it shall cease to be a part of the city.

(f) This section applies only to the City of Willits and the City of Arcata.

SEC. 8. Section 57000 of the Government Code is amended to read:

57000. (a) After adoption of a resolution making determinations by the commission pursuant to Part 3 (commencing with Section 56650), protest proceedings for a change of organization or reorganization not described in Section 57077 shall be taken pursuant to this part.

(b) If a proposal is approved by the commission, with or without amendment, wholly, partially, or conditionally, the commission shall conduct proceedings in accordance with this part. The proceedings shall

be conducted and completed pursuant to those provisions that are applicable to the proposal and the territory contained in the proposal as it is approved by the commission. If the commission approves the proposal with modifications or conditions, proceedings shall be conducted and completed in compliance with those modifications or conditions.

(c) Any reference in this part to the commission also means the executive officer for any function that the executive officer will perform pursuant to a delegation of authority from the commission.

(d) When the commission makes a determination pursuant to this division that will require an election to be conducted, it shall inform the board of supervisors or the city council of the affected city of that determination and request the board or the city council to direct the elections official to conduct the necessary election.

(e) When a board of supervisors or a city council is informed by the commission that a determination has been made that requires an election, it shall direct the elections official to conduct the necessary election. The board or council shall do all of the following:

(1) Call, provide for, and give notice of a special election or elections upon that question.

(2) Fix a date of election.

(3) Designate precincts and polling places.

(4) Take any other action necessary to call, provide for, and give notice of the special election or elections and to provide for the conduct and the canvass of returns of the election, as determined by the commission.

(f) Any provision in this part that requires that an election be called, held, provided for, or conducted shall mean that the procedures specified in subdivisions (d) and (e) shall be followed.

SEC. 9. Section 57051 of the Government Code is amended to read:

57051. At any time prior to the conclusion of the protest hearing in the notice given by the executive officer, but not thereafter, any owner of land or any registered voter within inhabited territory that is the subject of a proposed change of organization or reorganization, or any owner of land within uninhabited territory that is the subject of a proposed change of organization or reorganization, may file a written protest against the change of organization or reorganization. Each written protest shall state whether it is made by a landowner or registered voter and the name and address of the owner of the land affected and the street address or other description sufficient to identify the location of the land or the name and address of the registered voter as it appears on the affidavit of registration. Protests may be made on behalf of an owner of land by an agent authorized in writing by the owner to act as agent with respect to that land. Protests may be made on behalf of a private corporation

which is an owner of land by any officer or employee of the corporation without written authorization by the corporation to act as agent in making that protest.

Each written protest shall show the date that each signature was affixed to the protest. All signatures without a date or bearing a date prior to the date of publication of the notice shall be disregarded for purposes of ascertaining the value of any written protests.

SEC. 10. Section 57077 of the Government Code is amended to read:

57077. (a) Where a change of organization consists of a dissolution, disincorporation, incorporation, establishment of a subsidiary district, consolidation, or merger, the commission shall do either of the following:

(1) Order the change of organization subject to confirmation of the voters, or in the case of a landowner-voter district, subject to confirmation by the landowners, unless otherwise stated in the formation provisions of the enabling statute of the district or otherwise authorized pursuant to Section 56854.

(2) Order the change of organization without election if it is a change of organization that meets the requirements of Section 56854, 57081, 57102, or 57107; otherwise, the commission shall take the action specified in paragraph (1).

(b) Where a reorganization consists of one or more dissolutions, incorporations, formations, disincorporations, mergers, establishments of subsidiary districts, consolidations, or any combination of those proposals, the commission shall do either of the following:

(1) Order the reorganization subject to confirmation of the voters, or in the case of landowner-voter districts, subject to confirmation by the landowners, unless otherwise authorized pursuant to Section 56854.

(2) Order the reorganization without election if it is a reorganization that meets the requirements of Section 56854, 57081, 57102, 57107, or 57111; otherwise, the commission shall take the action specified in paragraph (1).

SEC. 11. Section 13801 of the Public Utilities Code is amended to read:

13801. Any public agency not included within the boundaries of a district may be annexed to the district in the manner provided in this chapter or in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of the Government Code). When proceedings for an annexation are taken pursuant to this chapter, only the provisions of this chapter shall apply to that annexation.

SEC. 12. Section 14051 of the Public Utilities Code is amended to read:

14051. Unincorporated territory may be annexed to a district in the manner provided in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of the Government Code).

SEC. 13. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

CHAPTER 348

An act to amend Section 1365 of the Civil Code, to amend Section 1091.5 of the Government Code, and to amend Sections 50404, 50905, and 51350 of the Health and Safety Code, relating to housing.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 1365 of the Civil Code is amended to read:

1365. Unless the governing documents impose more stringent standards, the association shall prepare and distribute to all of its members the following documents:

(a) A pro forma operating budget, which shall include all of the following:

(1) The estimated revenue and expenses on an accrual basis.

(2) A summary of the association's reserves based upon the most recent review or study conducted pursuant to Section 1365.5, based only on assets held in cash or cash equivalents, which shall be printed in boldface type and include all of the following:

(A) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.

(B) As of the end of the fiscal year for which the study is prepared:

(i) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.

(ii) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.

(iii) If applicable, the amount of funds received from either a compensatory damage award or settlement to an association from any

person or entity for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared as separate line items under cash reserves pursuant to clause (ii). Instead of complying with the requirements set forth in this clause, an association that is obligated to issue a review of their financial statement pursuant to subdivision (b) may include in the review a statement containing all of the information required by this clause.

(C) The percentage that the amount determined for purposes of clause (ii) of subparagraph (B) equals the amount determined for purposes of clause (i) of subparagraph (B).

(3) A statement as to both of the following:

(A) Whether the board of directors of the association has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment.

(B) The mechanism or mechanisms by which the board of directors will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacement or repairs, or alternative mechanisms.

(4) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain. The report shall include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Section 1365.2.5, and may not assume a rate of return on cash reserves in excess of 2 percent above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

The summary of the association's reserves disclosed pursuant to paragraph (2) shall not be admissible in evidence to show improper financial management of an association, provided that other relevant and competent evidence of the financial condition of the association is not made inadmissible by this provision.

Notwithstanding a contrary provision in the governing documents, a copy of the operating budget shall be annually distributed not less than 30 days nor more than 90 days prior to the beginning of the association's fiscal year.

(b) A review of the financial statement of the association shall be prepared in accordance with generally accepted accounting principles

by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the association exceeds seventy-five thousand dollars ($75,000). A copy of the review of the financial statement shall be distributed within 120 days after the close of each fiscal year.

(c) Instead of the distribution of the pro forma operating budget required by subdivision (a), the board of directors may elect to distribute a summary of the pro forma operating budget to all of its members with a written notice that the pro forma operating budget is available at the business office of the association or at another suitable location within the boundaries of the development, and that copies will be provided upon request and at the expense of the association. If any member requests that a copy of the pro forma operating budget required by subdivision (a) be mailed to the member, the association shall provide the copy to the member by first-class United States mail at the expense of the association and delivered within five days. The written notice that is distributed to each of the association members shall be in at least 10-point boldface type on the front page of the summary of the budget.

(d) A statement describing the association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its members shall be annually delivered to the members not less than 30 days nor more than 90 days immediately preceding the beginning of the association's fiscal year.

(e) (1) A summary of the association's property, general liability, earthquake, flood, and fidelity insurance policies, which shall be distributed not less than 30 days nor more than 90 days preceding the beginning of the association's fiscal year, that includes all of the following information about each policy:

(A) The name of the insurer.

(B) The type of insurance.

(C) The policy limits of the insurance.

(D) The amount of deductibles, if any.

(2) The association shall, as soon as reasonably practicable, notify its members by first-class mail if any of the policies described in paragraph (1) have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, as to any of those policies. If the association receives any notice of nonrenewal of a policy described in paragraph (1), the association shall immediately notify its members if replacement coverage will not be in effect by the date the existing coverage will lapse.

(3) To the extent that any of the information required to be disclosed pursuant to paragraph (1) is specified in the insurance policy declaration

page, the association may meet its obligation to disclose that information by making copies of that page and distributing it to all of its members.

(4) The summary distributed pursuant to paragraph (1) shall contain, in at least 10-point boldface type, the following statement: "This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."

SEC. 2. Section 1091.5 of the Government Code is amended to read:

1091.5. (a) An officer or employee shall not be deemed to be interested in a contract if his or her interest is any of the following:

(1) The ownership of less than 3 percent of the shares of a corporation for profit, provided that the total annual income to him or her from dividends, including the value of stock dividends, from the corporation does not exceed 5 percent of his or her total annual income, and any other payments made to him or her by the corporation do not exceed 5 percent of his or her total annual income.

(2) That of an officer in being reimbursed for his or her actual and necessary expenses incurred in the performance of official duties.

(3) That of a recipient of public services generally provided by the public body or board of which he or she is a member, on the same terms and conditions as if he or she were not a member of the body or board.

(4) That of a landlord or tenant of the contracting party if the contracting party is the federal government or any federal department or agency, this state or an adjoining state, any department or agency of this state or an adjoining state, any county or city of this state or an adjoining state, or any public corporation or special, judicial, or other public district of this state or an adjoining state unless the subject matter of the contract is the property in which the officer or employee has the interest as landlord or tenant in which event his or her interest shall be

deemed a remote interest within the meaning of, and subject to, the provisions of Section 1091.

(5) That of a tenant in a public housing authority created pursuant to Part 2 (commencing with Section 34200) of Division 24 of the Health and Safety Code in which he or she serves as a member of the board of commissioners of the authority or of a community development commission created pursuant to Part 1.7 (commencing with Section 34100) of Division 24 of the Health and Safety Code.

(6) That of a spouse of an officer or employee of a public agency in his or her spouse's employment or officeholding if his or her spouse's employment or officeholding has existed for at least one year prior to his or her election or appointment.

(7) That of a nonsalaried member of a nonprofit corporation, provided that this interest is disclosed to the body or board at the time of the first consideration of the contract, and provided further that this interest is noted in its official records.

(8) That of a noncompensated officer of a nonprofit, tax-exempt corporation, which, as one of its primary purposes, supports the functions of the body or board or to which the body or board has a legal obligation to give particular consideration, and provided further that this interest is noted in its official records.

For purposes of this paragraph, an officer is "noncompensated" even though he or she receives reimbursement from the nonprofit, tax-exempt corporation for necessary travel and other actual expenses incurred in performing the duties of his or her office.

(9) That of a person receiving salary, per diem, or reimbursement for expenses from a government entity, unless the contract directly involves the department of the government entity that employs the officer or employee, provided that the interest is disclosed to the body or board at the time of consideration of the contract, and provided further that the interest is noted in its official record.

(10) That of an attorney of the contracting party or that of an owner, officer, employee, or agent of a firm which renders, or has rendered, service to the contracting party in the capacity of stockbroker, insurance agent, insurance broker, real estate agent, or real estate broker, if these individuals have not received and will not receive remuneration, consideration, or a commission as a result of the contract and if these individuals have an ownership interest of less than 10 percent in the law practice or firm, stock brokerage firm, insurance firm, or real estate firm.

(11) Except as provided in subdivision (b), that of an officer or employee of, or a person having less than a 10-percent ownership interest in, a bank, bank holding company, or savings and loan association with

which a party to the contract has a relationship of borrower, depositor, debtor, or creditor.

(12) That of (A) a bona fide nonprofit, tax-exempt corporation having among its primary purposes the conservation, preservation, or restoration of park and natural lands or historical resources for public benefit, which corporation enters into an agreement with a public agency to provide services related to park and natural lands or historical resources and which services are found by the public agency, prior to entering into the agreement or as part of the agreement, to be necessary to the public interest to plan for, acquire, protect, conserve, improve, or restore park and natural lands or historical resources for public purposes and (B) any officer, director, or employee acting pursuant to the agreement on behalf of the nonprofit corporation. For purposes of this paragraph, "agreement" includes contracts and grants, and "park," "natural lands," and "historical resources" shall have the meanings set forth in subdivisions (d), (g), and (i) of Section 5902 of the Public Resources Code. Services to be provided to the public agency may include those studies and related services, acquisitions of property and property interests, and any activities related to those studies and acquisitions necessary for the conservation, preservation, improvement, or restoration of park and natural lands or historical resources.

(13) That of an officer, employee, or member of the Board of Directors of the California Housing Finance Agency with respect to a loan product or programs if the officer, employee, or member participated in the planning, discussions, development, or approval of the loan product or program and both of the following two conditions exist:

(A) The loan product or program is or may be originated by any lender approved by the agency.

(B) The loan product or program is generally available to qualifying borrowers on terms and conditions that are substantially the same for all qualifying borrowers at the time the loan is made.

(b) An officer or employee shall not be deemed to be interested in a contract made pursuant to competitive bidding under a procedure established by law if his or her sole interest is that of an officer, director, or employee of a bank or savings and loan association with which a party to the contract has the relationship of borrower or depositor, debtor or creditor.

SEC. 3. Section 50404 of the Health and Safety Code is amended to read:

50404. The work of the department shall be divided into the following three divisions:

(a) The Division of Codes and Standards.

(b) The Division of Housing Policy Development.

(c) The Division of Financial Assistance.

SEC. 4. Section 50905 of the Health and Safety Code is amended to read:

50905. (a) No employee of the agency shall be employed by, hold any paid official relation to, or have any financial interest in, any housing sponsor or any housing development financed or assisted under this part. No real property to which a member of the board or employee of the agency holds legal title or in which the person has any financial interest shall be purchased by the agency or sold by the member of the board or employee of the agency to a housing sponsor for a housing development to be financed under this part.

Any violation of this section shall be a conflict of interest that shall be grounds for disqualification of the member from the board or employee of the agency from his or her employment with the board or agency.

(b) Except as provided by subdivision (c), the following actions shall be voidable in the discretion of the agency:

(1) Any purchase by the agency of real property in which a member of the board or employee of the agency has legal title or a financial interest.

(2) Any commitment by the agency to provide financial assistance to a housing sponsor in which a member of the board or employee of the agency is employed, holds any official relation, or has any financial interest.

(3) Any commitment by the agency to provide financial assistance to a housing sponsor to which real property has been or is transferred for a housing development to be financed under this part, if a member of the board or employee of the agency has or has had legal title or any financial interest in the real property.

(c) Any commitment by the agency to provide financial assistance under the circumstances specified in paragraph (2) or (3) of subdivision (b) shall not be voidable following release of the funds.

(d) Notwithstanding the provisions of this section and Section 50904, any conflict of interest by a member of the board or employee of the agency shall not affect the validity of any bonds or insurance issued pursuant to this division.

(e) Notwithstanding the provisions of this section, an agency employee or board member may, if not acting as an investor and if otherwise eligible, participate in owner-occupied single-family financing and insurance programs operated by the agency.

SEC. 5. Section 51350 of the Health and Safety Code is amended to read:

51350. (a) The agency may, from time to time, issue its bonds in the principal amount that the agency determines necessary to provide sufficient funds for financing housing developments and other residential structures, the payment of interest on bonds of the agency, the establishment of reserves to secure the bonds, the payment of other expenditures of the agency incident to, and necessary or convenient to, issuance of the bonds, and for the other purposes provided by Sections 51065.5 and 51365.

(b) (1) Sale of the bonds of the agency shall be coordinated by the Treasurer. To obtain a date for the sale of bonds, the agency shall inform the Treasurer of the amount of the proposed issue. Upon that notification, the Treasurer shall provide three 10-day periods, within the 90 days next following, when the bonds can be sold. The agency may choose any date during the suggested periods or any other date to which the agency and the Treasurer have mutually agreed. The Treasurer shall sell the bonds on the date chosen according to terms approved by the agency.

(2) The agency shall exercise its powers with due regard for the right of the holders of bonds of the agency at any time outstanding, and nothing in, or done pursuant to, this section shall in any way limit, restrict, or alter the obligation or powers of the agency or any member, officer, or representative of the agency or the Treasurer to carry out and perform in every detail each and every covenant, agreement, or contract at any time made or entered into on behalf of the agency with respect to its bonds or its benefits, or the security of the holders of the bonds.

(c) Except as provided in subdivisions (d) to (h), inclusive, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall not exceed seven hundred fifty million dollars ($750,000,000), exclusive of the principal indebtedness of bonds issued to refund or renew previously issued bonds of the agency, to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(d) Effective January 1, 1980, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall be increased by seven hundred fifty million dollars ($750,000,000), exclusive of (1) bonds previously authorized pursuant to subdivision (c), and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of redemption

of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(e) Effective January 1, 1983, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall be additionally increased by three hundred fifty million dollars ($350,000,000) exclusive of (1) bonds previously authorized pursuant to subdivision (c) or (d), and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(f) Effective January 1, 1984, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall be additionally increased by five hundred million dollars ($500,000,000), exclusive of (1) bonds previously authorized pursuant to any of subdivisions (c) to (e), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(g) On the effective date of the amendments to this section enacted by the Statutes of 1985, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall be additionally increased by six hundred million dollars ($600,000,000), exclusive of (1) bonds previously authorized pursuant to any of subdivisions (c) to (f), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(h) On the effective date of the amendments to this section enacted by the Statutes of 1985, the aggregate principal amount of bonds that may be outstanding at any time pursuant to this part shall be additionally increased by six hundred million dollars ($600,000,000), exclusive of (1) bonds previously authorized pursuant to any of subdivisions (c) to (g), inclusive, and (2) the principal indebtedness of bonds issued to

refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(i) Effective September 4, 1990, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be additionally increased by nine hundred million dollars ($900,000,000), exclusive of the following: (1) bonds previously authorized pursuant to any of subdivisions (c) to (h), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(j) On the effective date of the amendments to this section which added this subdivision, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be additionally increased by nine hundred million dollars ($900,000,000), exclusive of the following: (1) bonds previously authorized pursuant to any of subdivisions (c) to (i), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(k) Effective January 1, 1998, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be additionally increased by one billion four hundred million dollars ($1,400,000,000), exclusive of: (1) bonds previously authorized pursuant to any of subdivisions (c) to (j), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(*l*) Effective January 1, 2000, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be additionally increased by two billion two hundred million dollars ($2,200,000,000), exclusive of: (1) bonds previously authorized pursuant to any of subdivisions (c) to (k), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

(m) Effective January 1, 2002, the aggregate principal amount of bonds that may be outstanding at any one time pursuant to this part shall be increased by two billion two hundred million dollars ($2,200,000,000), exclusive of (1) bonds previously authorized pursuant to any of subdivisions (c) to (*l*), inclusive, and (2) the principal indebtedness of bonds issued to refund or renew bonds of the agency previously issued under the authority of this subdivision, but only to the extent of the outstanding principal indebtedness of the previously issued bonds and any redemption premium thereon and any interest accrued or to accrue to the date of the redemption of the bonds, during the period in which both the previously issued bonds and the refunding or renewal bonds are outstanding.

CHAPTER 349

An act to amend Sections 17049, 18670, 19950, and 21018 of, and to add Section 19136.7 to, the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 17049 of the Revenue and Taxation Code is amended to read:

17049. (a) If an item of income was included in the gross income of an individual for a preceding taxable year or years because it appeared that the individual had an unrestricted right to that item, a deduction is allowable for the taxable year based on the repayment of the item by the

individual during the taxable year, and the amount of that deduction exceeds three thousand dollars ($3,000), then the tax imposed by this part for the taxable year on that individual shall be the lesser of the following:

(1) The tax for the taxable year computed with that deduction.

(2) An amount equal to (A) the tax for the taxable year computed without that deduction, minus (B) the decrease in tax under this part for the preceding taxable year or years which would result solely from the exclusion of the item or portion thereof from the gross income required to be shown on the California return of that individual for the preceding taxable year or years.

(b) If the decrease in tax determined under subparagraph (B) of paragraph (2) of subdivision (a) for the preceding taxable year or years exceeds the tax imposed for the taxable year, computed without the deduction, that excess shall be considered to be a payment of tax on the last day prescribed for the payment of tax for the taxable year, and shall be refunded or credited in the same manner as if it were an overpayment for the taxable year.

(c) Subdivision (a) does not apply to any deduction allowable with respect to an item which was included in gross income by reason of the sale or other disposition of stock in trade of the taxpayer, or other property of a kind which would properly have been included in the inventory of the taxpayer if on hand at the close of the prior taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his or her trade or business.

(d) If the tax imposed by this part for the taxable year is the amount determined under paragraph (2) of subdivision (a), then the deduction referred to in subdivision (a) shall not be taken into account for any purpose of this part, or Part 10.2 (commencing with Section 18401), other than this section.

(e) For purposes of determining whether paragraph (1) or paragraph (2) of subdivision (a) applies, in any case where the exclusion referred to in subparagraph (B) of paragraph (2) of subdivision (a) results in a net operating loss or capital loss for the prior taxable year, or years, that loss shall, for purposes of computing the decrease in tax for the prior taxable year, or years, under subparagraph (B) of paragraph (2) of subdivision (a), be carried over to the same extent and in the same manner as is provided under Section 17276, 17276.1, 17276.2, 17276.4, 17276.5, or 17276.7, or Section 1212 of the Internal Revenue Code, as applicable for California purposes, except that no carryover beyond the taxable year shall be taken into account.

(f) For purposes of this part, the net operating loss or capital loss described in subdivision (e) shall, after the application of paragraph (1)

or (2) of subdivision (a) for the taxable year, be taken into account under Section 17276, 17276.1, 17276.2, 17276.4, 17276.5, or 17276.7, or Section 1212 of the Internal Revenue Code, as applicable for California purposes, for taxable years after the taxable year to the same extent and in the same manner as either of the following:

(A) A net operating loss sustained for the taxable year, if paragraph (1) of subdivision (a) applied.

(B) A net operating loss or capital loss sustained for the prior taxable year, or years, if paragraph (2) of subdivision (a) applied.

(g) Regulations promulgated by the Secretary of the Treasury under Section 1341 of the Internal Revenue Code shall apply, except to the extent that those regulations conflict with this section, provisions of this part, or with regulations promulgated by the Franchise Tax Board.

SEC. 2. Section 18670 of the Revenue and Taxation Code is amended to read:

18670. (a) The Franchise Tax Board may by notice, served personally or by first-class mail, require any employer, person, officer or department of the state, political subdivision or agency of the state, including the Regents of the University of California, a city organized under a freeholders' charter, or a political body not a subdivision or agency of the state, having in their possession, or under their control, any credits or other personal property or other things of value, belonging to a taxpayer or to an employer or person who has failed to withhold and transmit amounts due pursuant to this article, to withhold, from the credits or other personal property or other things of value, the amount of any tax, interest, or penalties due from the taxpayer or the amount of any liability incurred by that employer or person for failure to withhold and transmit amounts due from a taxpayer under this part and to transmit the amount withheld to the Franchise Tax Board at the times that it may designate. However, in the case of a depository institution, as defined in Section 19(b) of the Federal Reserve Act (12 U.S.C.A. Sec. 461(b)(1)(A)), amounts due from a taxpayer under this part shall be transmitted to the Franchise Tax Board not less than 10 business days from receipt of the notice. To be effective, the notice shall state the amount due from the taxpayer and shall be delivered or mailed to the branch or office reported in information returns filed with the Franchise Tax Board, or the branch or office where the credits or other property is held, unless another branch or office is designated by the employer, person, officer or department of the state, political subdivision or agency of the state, including the Regents of the University of California, a city organized under a freeholders' charter or a political body not a subdivision or agency of the state.

(b) (1) At least 45 days before sending a notice to withhold to the address indicated on the information return, the Franchise Tax Board shall request a depository institution to do either of the following:

(A) Verify that the address on its information return is its designated address for receiving notices to withhold.

(B) Provide the Franchise Tax Board with a designated address for receiving notices to withhold.

(2) Once the depository institution has specified a designated address pursuant to paragraph (1), the Franchise Tax Board shall send all notices to that address unless the depository institution provides notification of another address. The Franchise Tax Board shall send all notices to withhold to a new designated address 30 days after notification.

(3) Failure to verify or provide a designated address within 30 days of receiving the request shall be deemed verification of the address on the information return as the depository institution's designated address.

(c) (1) Notwithstanding Section 8112 of the Commercial Code and Section 700.130 of the Code of Civil Procedure, when the Franchise Tax Board, pursuant to this section or Section 18670.5, issues a levy upon, or requires by notice, any person, financial institution, or securities intermediary, as applicable, to withhold all, or a portion of, a financial asset for the purpose of collecting a delinquent tax liability, the person, financial institution, or securities intermediary, as defined in Section 8102 of the Commercial Code, that maintains, administers, or manages that asset on behalf of the taxpayer, or has the legal authority to accept instructions from the taxpayer as to the disposition of that asset, shall liquidate the financial asset in a commercially reasonable manner within 90 days of the issuance of the order to withhold. Within five days of liquidation, the person, financial institution, or securities intermediary, as applicable, shall remit to the Franchise Tax Board the proceeds of the liquidation, less any reasonable commissions or fees, or both, which are charged in the normal course of business.

(2) If the value of the financial assets to be liquidated exceeds the tax liability, the taxpayer may, within 60 days after the service of the order to withhold upon the person, financial institution, or securities intermediary, instruct the person, financial institution, or securities intermediary as to which financial assets are to be sold to satisfy the tax liability. If the taxpayer does not provide instructions for liquidation, the person, financial institution, or securities intermediary shall liquidate the financial assets in a commercially reasonable manner and in an amount sufficient to cover the tax liability, and any reasonable commissions or fees, or both, which are charged in the normal course of business, beginning with the financial assets purchased most recently.

(3) For purposes of this section, a financial asset shall include, but not be limited to, an uncertificated security, certificated security, or security entitlement as defined in Section 8102 of the Commercial Code, a security as defined in Section 8103 of the Commercial Code, or a securities account as defined in Section 8501 of the Commercial Code.

(d) Any corporation or person failing to withhold the amounts due from any taxpayer and transmit them to the Franchise Tax Board after service of the notice shall be liable for those amounts. However, in the case of a depository institution, if a notice to withhold is mailed to the branch where the account is located or principal banking office, the depository institution shall be liable for a failure to withhold only to the extent that the accounts can be identified in information normally maintained at that location in the ordinary course of business.

SEC. 3. Section 19136.7 is added to the Revenue and Taxation Code, to read:

19136.7. (a) No additions to tax shall be made under Section 19136 or 19142 with respect to any underpayment of an installment for a taxable year, to the extent that the underpayment was created or increased as the direct result of an erroneous levy, erroneous processing action, or erroneous collection action by the Franchise Tax Board.

(b) The Franchise Tax Board shall implement this section in a reasonable manner.

SEC. 4. Section 19550 of the Revenue and Taxation Code is amended to read:

19550. (a) Pursuant to Section 817.5 of the Penal Code, the Franchise Tax Board, upon request from the Department of Justice, a court, or any California law enforcement agency and in a form and manner prescribed by the Franchise Tax Board, shall provide to the Department of Justice, the court, or the law enforcement agency the address of any person represented to be a person for whom there is an outstanding arrest warrant.

(b) (1) Pursuant to Section 290.9 of the Penal Code, the Franchise Tax Board shall, upon request from the Department of Justice, provide to the Department of Justice the address of any person represented to be a person who is in violation of his or her duty to register under Section 290 of the Penal Code.

(2) This subdivision shall be operative with respect to requests made on or after January 1, 2005, pursuant to Section 290.9 of the Penal Code, as added by Section 1 of Chapter 127 of the Statutes of 2004.

SEC. 5. Section 21018 of the Revenue and Taxation Code is amended to read:

21018. (a) A person may file a claim with the board for reimbursement of charges or fees imposed on the person by an unrelated

business entity as the direct result of an erroneous levy, erroneous processing action, or erroneous collection action by the board. Charges that may be reimbursed include an unrelated business entity's usual and customary charge for complying with the levy instructions and reasonable charges for overdrafts that are a direct consequence of the erroneous levy, erroneous processing action, or erroneous collection action and are paid by the person and not waived by the unrelated business entity or otherwise reimbursed. Each claimant applying for reimbursement shall file a claim with the board which shall be in such form as may be prescribed by the board. In order for the board to grant a claim, the board shall determine that all of the following conditions have been satisfied:

(1) The erroneous levy, erroneous processing action, or erroneous collection action was caused by an error made by the board.

(2) Prior to the erroneous levy, erroneous processing action, or erroneous collection action, the person responded to all contacts by the board and provided the board with any requested information or documentation sufficient to establish the person's position. This provision may be waived by the board for reasonable cause.

(3) The charge or fee has not been waived by the unrelated business entity or otherwise reimbursed.

(b) Claims pursuant to this section shall be filed within 90 days from the date of the erroneous levy, erroneous processing action, or erroneous collection action. Within 30 days from the date the claim is received, the board shall respond to the claim. If the board denies a claim, the claimant shall be notified in writing of the reason or reasons for the denial of the claim. The board may extend the period for filing a claim under this section.

(c) Charges and fees that may be reimbursed under the authority of this section are limited to the usual and customary charges and fees imposed by a business entity in the ordinary course of business.

CHAPTER 350

An act to amend Section 20133 of the Public Contract Code, relating to public contracts.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 20133 of the Public Contract Code is amended to read:

20133. (a) (1) This section provides for an alternative procedure on bidding on building construction projects in excess of two million five hundred thousand dollars ($2,500,000) applicable only in the Counties of Alameda, Contra Costa, Del Norte, Humboldt, Los Angeles, Mendocino, Napa, Santa Clara, Solano, Sonoma, and Yolo, upon the approval of the appropriate board of supervisors.

(2) These counties may award the project using either the lowest responsible bidder or by best value.

(b) (1) It is the intent of the Legislature to enable these counties to utilize cost-effective options for building and modernizing public facilities. It is not the intent of the Legislature to authorize this procedure for transportation facilities, including, but not limited to, roads and bridges.

(2) The Legislature also finds and declares that utilizing a design-build contract requires a clear understanding of the roles and responsibilities of each participant in the design-build process. The Legislature also finds that the cost-effective benefits to the counties are achieved by shifting the liability and risk for cost containment and project completion to the design-build entity.

(3) It is the intent of the Legislature to provide an alternative and optional procedure for bidding and building construction projects for these counties.

(4) The design-build approach may be used, but is not limited to use when it is anticipated that it will: reduce project cost, expedite project completion, or provide design features not achievable through the design-bid-build method.

(5) If the board of supervisors elects to proceed under this section, the board of supervisors shall establish and enforce for design-build projects a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code, or it shall contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to any project where the county or the design-build entity has entered into any collective bargaining agreement or agreements that bind all of the contractors performing work on the projects.

(c) As used in this section:

(1) "Best value" means a value determined by objective criteria related to price, features, functions, and life cycle costs.

(2) "Design-build" means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) "Design-build entity" means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services as needed pursuant to a design-build contract.

(4) "Project" means the construction of a building and improvements directly related and necessary to the construction of a building, but does not include the construction of other infrastructure, including, but not limited to, streets and highways, public rail transit, and water resources facilities and infrastructure.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The county shall prepare a set of documents setting forth the scope of the project. The documents may include, but are not limited to, the size, type and desired design character of the buildings and site, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the county's needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(B) Any architect or engineer retained by the county to assist in the development of the project specific documents shall not be eligible to participate in the preparation of a bid with any design-build entity for that project.

(2) (A) Based on the documents prepared in paragraph (1), the county shall prepare a request for proposals that invites interested parties to submit competitive sealed proposals in the manner prescribed by the county. The request for proposals shall include, but is not limited to, the following elements:

(i) Identification of the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the county to inform interested parties of the contracting opportunity, to include the methodology that will be used by the county to evaluate proposals and specifically if the contract will be awarded to the lowest responsible bidder.

(ii) Significant factors which the county reasonably expects to consider in evaluating proposals, including cost or price and all nonprice-related factors.

(iii) The relative importance of weight assigned to each of the factors identified in the request for proposals.

(B) With respect to clause (iii) of subparagraph (A), if a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors other than cost or price when combined are:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(C) If the county chooses to reserve the right to hold discussions or negotiations with responsive bidders, it shall so specify in the request for proposal and shall publish separately or incorporate into the request for proposal applicable rules and procedures to be observed by the county to ensure that any discussions or negotiations are conducted in good faith.

(3) (A) The county shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the county. In preparing the questionnaire, the county shall consult with the construction industry, including representatives of the building trades and surety industry. This questionnaire shall require information including, but not limited to, all of the following:

(i) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members known at the time of bid submission who will participate in the design-build contract, including, but not limited to, mechanical subcontractors.

(ii) Evidence that the members of the design-build entity have completed, or demonstrated the experience, competency, capability, and capacity to complete projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, as well as a financial statement that assures the county that the design-build entity has the capacity to complete the project.

(iii) The licenses, registration, and credentials required to design and construct the project, including information on the revocation or suspension of any license, credential, or registration.

(iv) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(v) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1 (commencing with Section 6300) of Division 5 of the Labor Code or the federal Occupational Safety and Health Act of 1970 (Public Law 91-596), settled against any member of the design-build entity, and information concerning workers' compensation experience history and worker safety program.

(vi) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance where an entity, its owners, officers, or managing employees submitted a bid on a public works project and were found to be nonresponsive, or were found by an awarding body not to be a responsible bidder.

(vii) Any instance where the entity, its owner, officers, or managing employees defaulted on a construction contract.

(viii) Any violations of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), excluding alleged violations of federal or state law including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of Federal Insurance Contribution Act (FICA) withholding requirements settled against any member of the design-build entity.

(ix) Information concerning the bankruptcy or receivership of any member of the design-build entity, including information concerning any work completed by a surety.

(x) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars ($50,000). Information shall also be provided concerning any work completed by a surety during this period.

(xi) In the case of a partnership or other association, that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all partners or association members agree to be fully liable for the performance under the design-build contract.

(B) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5, Division 7, Title 1 of the Government Code) shall not be open to public inspection.

(4) The county shall establish a procedure for final selection of the design-build entity. Selection shall be based on either of the following criteria:

(A) A competitive bidding process resulting in lump-sum bids by the prequalified design-build entities. Awards shall be made to the lowest responsible bidder.

(B) A county may use a design-build competition based upon best value and other criteria set forth in paragraph (2) of subdivision (d). The design-build competition shall include the following elements:

(i) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposal. However, the following minimum factors shall each represent at least 10 percent of the total weight of consideration given to all criteria factors; price, technical design and construction expertise, life-cycle costs over 15 years or more, skilled labor force availability, and acceptable safety record.

(ii) Once the evaluation is complete, the top three responsive bidders shall be ranked sequentially from the most advantageous to the least.

(iii) The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing, to be the most advantageous.

(iv) Notwithstanding any provision of this code, upon issuance of a contract award, the county shall publicly announce its award, identifying the contractor to whom the award is made, along with a written decision supporting its contract award and stating the basis of the award. The notice of award shall also include the county's second and third ranked design-build entities.

(v) For the purposes of this paragraph, "skilled labor force availability" shall be determined by the existence of an agreement with a registered apprenticeship program, approved by the California Apprenticeship Council, which has graduated apprentices in each of the preceding five years. This graduation requirement shall not apply to programs providing apprenticeship training for any craft that has been deemed by the Department of Labor and the Department of Industrial Relations to be an apprenticeable craft in the five years prior to enactment of this act.

(vi) For the purposes of this paragraph, a bidder's "safety record" shall be deemed "acceptable" if their experience modification rate for the most recent three-year period is an average of 1.00 or less, and their average Total Recordable Injury/Illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category or if the bidder is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code.

(e) (1) Any design-build entity that is selected to design and build a project pursuant to this section shall possess or obtain sufficient bonding to cover the contract amount for nondesign services, and errors and omission insurance coverage sufficient to cover all design and architectural services provided in the contract. This section does not prohibit a general or engineering contractor from being designated the lead entity on a design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(2) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the county.

(f) All subcontractors that were not listed by the design-build entity in accordance with clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the county in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the county.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) The minimum performance criteria and design standards established pursuant to paragraph (1) of subdivision (d) shall be adhered to by the design-build entity. Any deviations from those standards may only be allowed by written consent of the county.

(h) The county may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this section.

(i) Contracts awarded pursuant to this section shall be valid until the project is completed.

(j) Nothing in this section is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(k) (1) If the county elects to award a project pursuant to this section retention proceeds withheld by the county from the design-build entity shall not exceed 5 percent if a performance and payment bond, issued by an admitted surety insurer, is required in the solicitation of bids.

(2) In a contract between the design-build entity and the subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld may not exceed the percentage specified in the contract between the county and the design-build entity. If the design-build entity provides written notice to any subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond to the design-build entity, then the design-build entity may withhold retention proceeds in excess of the percentage specified in the contract between the county and the design-build entity from any payment made by the design-build entity to the subcontractor.

(*l*) Each county that elects to proceed under this section and uses the design-build method on a public works project shall submit to the

Legislative Analyst's Office, before December 1, 2009, a report containing a description of each public works project procured through the design-build process and completed after November 1, 2004, and before November 1, 2009. The report shall include, but shall not be limited to, all of the following information:

(1) The type of project.

(2) The gross square footage of the project.

(3) The design-build entity that was awarded the project.

(4) The estimated and actual length of time to complete the project.

(5) The estimated and actual project costs.

(6) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the design-build project, including the resolution of the protests.

(7) An assessment of the prequalification process and criteria.

(8) An assessment of the effect of retaining 5-percent retention on the project.

(9) A description of the Labor Force Compliance Program and an assessment of the project impact, where required.

(10) A description of the method used to award the contract. If best value was the method, the report shall describe the factors used to evaluate the bid, including the weighting of each factor and an assessment of the effectiveness of the methodology.

(11) An assessment of the project impact of "skilled labor force availability."

(12) An assessment of the design-build dollar limits on county projects. This assessment shall include projects where the county wanted to use design-build and was precluded by the dollar limitation. This assessment shall also include projects where the best value method of awarding contracts was not used due to dollar limitations.

(13) An assessment of the most appropriate uses for the design-build approach.

(m) Any county named in subdivision (a) that elects to not use the authority granted by this section may submit a report to the Legislative Analyst's Office explaining why the county elected to not use the design-build method.

(n) On or before January 1, 2010, the Legislative Analyst shall report to the Legislature on the use of the design-build method by counties pursuant to this section, including the information listed in subdivision (*l*). The report may include recommendations for modifying or extending this section.

(o) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 1.5. Section 20133 of the Public Contract Code is amended to read:

20133. (a) (1) This section provides for an alternative procedure on bidding on building construction projects in excess of two million five hundred thousand dollars ($2,500,000) applicable only in the Counties of Alameda, Butte, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Los Angeles, Madera, Mariposa, Mendocino, Merced, Monterey, Napa, Orange, Placer, Sacramento, San Diego, San Joaquin, San Luis Obispo, Santa Clara, Shasta, Siskiyou, Solano, Sonoma, Stanislaus, Tulare, Yolo, and Yuba, upon approval of the appropriate board of supervisors.

(2) These counties may award the project using either the lowest responsible bidder or by best value.

(b) (1) It is the intent of the Legislature to enable these counties to utilize cost-effective options for building and modernizing public facilities. It is not the intent of the Legislature to authorize this procedure for transportation facilities, including, but not limited to, roads and bridges.

(2) The Legislature also finds and declares that utilizing a design-build contract requires a clear understanding of the roles and responsibilities of each participant in the design-build process. The Legislature also finds that the cost-effective benefits to the counties are achieved by shifting the liability and risk for cost containment and project completion to the design-build entity.

(3) It is the intent of the Legislature to provide an alternative and optional procedure for bidding and building construction projects for these counties.

(4) The design-build approach may be used, but is not limited to use when it is anticipated that it will: reduce project cost, expedite project completion, or provide design features not achievable through the design-bid-build method.

(5) If the board of supervisors elects to proceed under this section, the board of supervisors shall establish and enforce for design-build projects a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code, or it shall contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to any project where the county or the design-build entity has entered into any collective bargaining agreement or agreements that bind all of the contractors performing work on the projects.

(c) As used in this section:

(1) "Best value" means a value determined by objective criteria related to price, features, functions, and life-cycle costs.

(2) "Design-build" means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) "Design-build entity" means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services as needed pursuant to a design-build contract.

(4) "Project" means the construction of a building and improvements directly related to the construction of a building, but does not include the construction of other infrastructure, including, but not limited to, streets and highways, public rail transit, or water resources facilities and infrastructure.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The county shall prepare a set of documents setting forth the scope of the project. The documents may include, but are not limited to, the size, type and desired design character of the buildings and site, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the county's needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(B) Any architect or engineer retained by the county to assist in the development of the project-specific documents shall not be eligible to participate in the preparation of a bid with any design-build entity for that project.

(2) (A) Based on the documents prepared in paragraph (1), the county shall prepare a request for proposals that invites interested parties to submit competitive sealed proposals in the manner prescribed by the county. The request for proposals shall include, but is not limited to, the following elements:

(i) Identification of the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the county to inform interested parties of the contracting opportunity, to include the methodology that will be used by the county to evaluate proposals and specifically if the contract will be awarded to the lowest responsible bidder.

(ii) Significant factors which the county reasonably expects to consider in evaluating proposals, including cost or price and all nonprice-related factors.

(iii) The relative importance of weight assigned to each of the factors identified in the request for proposals.

(B) With respect to clause (iii) of subparagraph (A), if a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors other than cost or price when combined are:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(C) If the county chooses to reserve the right to hold discussions or negotiations with responsive bidders, it shall so specify in the request for proposal and shall publish separately or incorporate into the request for proposal applicable rules and procedures to be observed by the county to ensure that any discussions or negotiations are conducted in good faith.

(3) (A) The county shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the county. In preparing the questionnaire, the county shall consult with the construction industry, including representatives of the building trades and surety industry. This questionnaire shall require information including, but not limited to, all of the following:

(i) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members known at the time of bid submission who will participate in the design-build contract, including, but not limited to, mechanical subcontractors.

(ii) Evidence that the members of the design-build entity have completed, or demonstrated the experience, competency, capability, and capacity to complete projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, as well as a financial statement that assures the county that the design-build entity has the capacity to complete the project.

(iii) The licenses, registration, and credentials required to design and construct the project, including information on the revocation or suspension of any license, credential, or registration.

(iv) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(v) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1 (commencing with Section 6300) of Division 5 of the Labor Code or the federal Occupational Safety and Health Act of 1970 (Public Law 91-596), settled against any member of the design-build entity, and information concerning workers' compensation experience history and worker safety program.

(vi) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance where an entity, its owners, officers, or managing employees submitted a bid on a public works project and were found to be nonresponsive, or were found by an awarding body not to be a responsible bidder.

(vii) Any instance where the entity, its owner, officers, or managing employees defaulted on a construction contract.

(viii) Any violations of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), excluding alleged violations of federal or state law including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of Federal Insurance Contribution Act (FICA) withholding requirements settled against any member of the design-build entity.

(ix) Information concerning the bankruptcy or receivership of any member of the design-build entity, including information concerning any work completed by a surety.

(x) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars ($50,000). Information shall also be provided concerning any work completed by a surety during this period.

(xi) In the case of a partnership or other association, that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all partners or association members agree to be fully liable for the performance under the design-build contract.

(B) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5, Division 7, Title 1 of the Government Code) shall not be open to public inspection.

(4) The county shall establish a procedure for final selection of the design-build entity. Selection shall be based on either of the following criteria:

(A) A competitive bidding process resulting in lump-sum bids by the prequalified design-build entities. Awards shall be made to the lowest responsible bidder.

(B) A county may use a design-build competition based upon best value and other criteria set forth in paragraph (2) of subdivision (d). The design-build competition shall include the following elements:

(i) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposal. However, the following minimum factors shall each represent at least 10 percent of the total weight of consideration given to all criteria factors; price, technical design and construction expertise, life-cycle costs over 15 years or more, skilled labor force availability, and acceptable safety record.

(ii) Once the evaluation is complete, the top three responsive bidders shall be ranked sequentially from the most advantageous to the least.

(iii) The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing, to be the most advantageous.

(iv) Notwithstanding any provision of this code, upon issuance of a contract award, the county shall publicly announce its award, identifying the contractor to whom the award is made, along with a written decision supporting its contract award and stating the basis of the award. The notice of award shall also include the county's second and third ranked design-build entities.

(v) For the purposes of this paragraph, "skilled labor force availability" shall be determined by the existence of an agreement with a registered apprenticeship program, approved by the California Apprenticeship Council, which has graduated apprentices in each of the preceding five years. This graduation requirement shall not apply to programs providing apprenticeship training for any craft that has been deemed by the Department of Labor and the Department of Industrial Relations to be an apprenticeable craft in the five years prior to enactment of this act.

(vi) For the purposes of this paragraph, a bidder's "safety record" shall be deemed "acceptable" if their experience modification rate for the most recent three-year period is an average of 1.00 or less, and their average Total Recordable Injury/Illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category or if the bidder is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code.

(e) (1) Any design-build entity that is selected to design and build a project pursuant to this section shall possess or obtain sufficient bonding to cover the contract amount for nondesign services, and errors and omission insurance coverage sufficient to cover all design and architectural services provided in the contract. This section does not prohibit a general or engineering contractor from being designated the lead entity on a design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(2) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the county.

(f) All subcontractors that were not listed by the design-build entity in accordance with clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the county in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the county.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) The minimum performance criteria and design standards established pursuant to paragraph (1) of subdivision (d) shall be adhered to by the design-build entity. Any deviations from those standards may only be allowed by written consent of the county.

(h) The county may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this section.

(i) Contracts awarded pursuant to this section shall be valid until the project is completed.

(j) Nothing in this section is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(k) (1) If the county elects to award a project pursuant to this section retention proceeds withheld by the county from the design-build entity shall not exceed 5 percent if a performance and payment bond, issued by an admitted surety insurer, is required in the solicitation of bids.

(2) In a contract between the design-build entity and the subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld may not exceed the percentage specified in the contract between the county and the design-build entity. If the design-build entity provides written notice to any subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond to the design-build entity, then the design-build entity may withhold retention proceeds in excess of the percentage specified in the contract between the county and the design-build entity from any payment made by the design-build entity to the subcontractor.

(*l*) Each county that elects to proceed under this section and uses the design-build method on a public works project shall submit to the

Legislative Analyst's Office before December 1, 2009, a report containing a description of each public works project procured through the design-build process and completed after November 1, 2004, and before November 1, 2009. The report shall include, but shall not be limited to, all of the following information:

(1) The type of project.

(2) The gross square footage of the project.

(3) The design-build entity that was awarded the project.

(4) The estimated and actual length of time to complete the project.

(5) The estimated and actual project costs.

(6) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the design-build project, including the resolution of the protests.

(7) An assessment of the prequalification process and criteria.

(8) An assessment of the effect of retaining 5-percent retention on the project.

(9) A description of the Labor Force Compliance Program and an assessment of the project impact, where required.

(10) A description of the method used to award the contract. If best value was the method, the report shall describe the factors used to evaluate the bid, including the weighting of each factor and an assessment of the effectiveness of the methodology.

(11) An assessment of the project impact of "skilled labor force availability."

(12) An assessment of the design-build dollar limits on county projects. This assessment shall include projects where the county wanted to use design-build and was precluded by the dollar limitation. This assessment shall also include projects where the best value method was not used due to dollar limitations.

(13) An assessment of the most appropriate uses for the design-build approach.

(m) Any county named in subdivision (a) that elects to not use the authority granted by this section may submit a report to the Legislative Analyst's Office explaining why the county elected to not use the design-build method.

(n) On or before January 1, 2010, the Legislative Analyst shall report to the Legislature on the use of the design-build method by counties pursuant to this section, including the information listed in subdivision (*l*). The report may include recommendations for modifying or extending this section.

(o) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 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 need to build and modernize public facilities in a cost-effective manner in the Counties of Del Norte, Humboldt, Los Angeles, Mendocino, Napa, and Yolo.

SEC. 2.5. 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 need to build and modernize public facilities in a cost-effective manner in Butte, Del Norte, El Dorado, Fresno, Humboldt, Kings, Los Angeles, Madera, Mariposa, Mendocino, Merced, Monterey, Napa, Orange, Placer, San Diego, San Joaquin, San Luis Obispo, Shasta, Siskiyou, Stanislaus, Yolo, and Yuba Counties.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 20133 of the Public Contract Code proposed by both this bill and SB 287. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 20133 of the Public Contract Code, and (3) this bill is enacted after SB 287, in which case Sections 1 and 2 of this bill shall not become operative and Sections 1.5 and 2.5 of this bill shall become operative.

SEC. 4. It is the intent of the Legislature that this bill shall not become operative unless both this bill and Senate Bill 287 are both chaptered and become effective January 1, 2006. If Senate Bill 287 is not chaptered and does not become effective January 1, 2006, this bill shall not become operative.

CHAPTER 351

An act to amend Sections 22115.2, 22134, 22134.5, 22135, 22212.5, 22223, 22662, 22663, 22703, 22705, 22705.5, 22713, 22803, 23001, 23104, 23202, 23300, 24001, 24005, 24101, 24105, 24204, 24208, 24214, 24216, 24219, 24306.5, 24306.7, 24307, 24311, 24312, 24400, 24613, 24701, 24704, 24750, 24751, 26401, 27100, and 45134 of the Education Code, relating to teachers' retirement.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

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

SECTION 1. Section 22115.2 of the Education Code is amended to read:

22115.2. "Concurrent membership" means membership in the Defined Benefit Program by an individual who is credited with service that is not used as a basis for benefits under any other public retirement system and is also a member of the California Public Employees' Retirement System, the Legislators' Retirement System, the University of California Retirement System, county retirement systems established under Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 of the Government Code, or the San Francisco Employees' Retirement System. A member with concurrent membership shall have the right to the following:

(a) Have final compensation determined pursuant to subdivision (c) of Section 22134.

(b) Redeposit accumulated retirement contributions pursuant to Section 23201.

(c) Apply for retirement pursuant to paragraph (2) of subdivision (a) of Section 24201.

SEC. 2. Section 22134 of the Education Code is amended to read:

22134. (a) "Final compensation" means the highest average annual compensation earnable by a member during any period of three consecutive school years while an active member of the Defined Benefit Program or time during which he or she was not a member but for which the member has received credit under the Defined Benefit Program, except time that was so credited for service performed outside this state prior to July 1, 1944.

(b) For purposes of this section, periods of service separated by breaks in service may be aggregated to constitute a period of three consecutive years, if the periods of service are consecutive except for the breaks.

(c) The determination of final compensation of a member who has concurrent membership in another retirement system pursuant to Section 22115.2 shall take into consideration the compensation earnable while a member of the other system, provided that all of the following exist:

(1) The member was in state service or in the employment of a local school district or a county superintendent of schools.

(2) Service under the other system was not performed during the same pay period with service under the Defined Benefit Program.

(3) Retirement under the Defined Benefit Program is concurrent with the member's retirement under the other system.

(d) The compensation earnable for the first position in which California service was credited shall be used when additional

compensation earnable is required to accumulate three consecutive years for the purpose of determining final compensation under Section 23805.

(e) If a member has received service credit for part-time service performed prior to July 1, 1956, the member's final compensation shall be adjusted for that service in excess of one year by the ratio that part-time service bears to full-time service.

(f) The board may specify a different final compensation with respect to disability allowances, disability retirement allowances, family allowances, and children's portions of survivor benefit allowances payable on and after January 1, 1978. The compensation earnable for periods of part-time service shall be adjusted by the ratio that part-time service bears to full-time service.

(g) The amendment of former Section 22127 made by Chapter 782 of the Statutes of 1982 does not constitute a change in, but is declaratory of, the existing law.

SEC. 3. Section 22134.5 of the Education Code is amended to read:

22134.5. (a) Notwithstanding Section 22134, "final compensation" means the highest average annual compensation earnable by a member during any period of 12 consecutive months while an active member of the Defined Benefit Program or time during which he or she was not a member but for which the member has received credit under the Defined Benefit Program, except time that was so credited for service performed outside this state prior to July 1, 1944.

(b) For purposes of this section, periods of service separated by breaks in service may be aggregated to constitute a period of 12 consecutive months, if the periods of service are consecutive except for the breaks.

(c) The determination of final compensation of a member who has concurrent membership in another retirement system pursuant to Section 22115.2 shall take into consideration the compensation earnable while a member of the other system, provided that all of the following exist:

(1) The member was in state service or in the employment of a local school district or a county superintendent of schools.

(2) Service under the other system was not performed during the same pay period with service under the Defined Benefit Program.

(3) Retirement under the Defined Benefit Program is concurrent with the member's retirement under the other system.

(d) If a member has received service credit for part-time service performed prior to July 1, 1956, the member's final compensation shall be adjusted for that service in excess of one year by the ratio that part-time service bears to full-time service.

(e) The board may specify a different final compensation with respect to disability allowances, disability retirement allowances, family allowances, and children's portions of survivor benefit allowances

payable on and after January 1, 1978. The compensation earnable for periods of part-time service shall be adjusted by the ratio that part-time service bears to full-time service.

(f) This section shall apply to the following:

(1) A member who has 25 or more years of credited service, excluding service credited pursuant to the following:

(A) Section 22714.

(B) Section 22714.5.

(C) Section 22715.

(D) Section 22717, except as provided in subdivision (b) of Section 22121.

(E) Section 22826.

(2) A nonmember spouse, if the member had 25 or more years of credited service, as calculated in paragraph (1), on the date the parties separated, as established in the judgment or court order pursuant to Section 22652.

SEC. 4. Section 22135 of the Education Code is amended to read:

22135. (a) Notwithstanding subdivisions (a) and (b) of Section 22134, "final compensation" means the highest average annual compensation earnable by an active member who is a classroom teacher who retires, becomes disabled, or dies, after June 30, 1990, during any period of 12 consecutive months during his or her membership in the plan's Defined Benefit Program.

(b) Section 22134, except subdivision (a) of that section, shall apply to classroom teachers who retire after June 30, 1990, and any statutory reference to Section 22134 or "final compensation" with respect to a classroom teacher who retires, becomes disabled, or dies, after June 30, 1990, shall be deemed to be a reference to this section.

(c) As used in this section, "classroom teacher" means any of the following:

(1) All teachers and substitute teachers in positions requiring certification qualifications who spend, during the last 10 years of their employment with the same employer which immediately precedes their retirement, 60 percent or more of their contract time each year providing direct instruction. For the purpose of determining continuity of employment within the meaning of this subdivision, an authorized leave of absence for sabbatical or illness or other collectively bargained or employer-approved leaves shall not constitute a break in service.

(2) Other certificated personnel who spend, during the last 10 years of their employment with the same employer that immediately precedes their retirement, 60 percent or more of their contract time each year providing direct services to pupils, including, but not limited to, librarians, counselors, nurses, speech therapists, resource specialists,

audiologists, audiometrists, hygienists, optometrists, psychologists, driver safety instructors, and personnel on special assignment to perform school attendance and adjustment services.

(d) As used in this section, "classroom teacher" does not include any of the following:

(1) Certificated employees whose job descriptions require an administrative credential.

(2) Certificated employees whose job descriptions include responsibility for supervision of certificated staff.

(3) Certificated employees who serve as advisers, coordinators, consultants, or developers or planners of curricula, instructional materials, or programs, who spend, during the last 10 years of their employment with the same employer that immediately precedes their retirement, less than 60 percent of their contract time in direct instruction.

(4) Certificated employees whose job descriptions require provision of direct instruction or services, but who are functioning in nonteaching assignments.

(5) Classified employees.

(e) This section shall apply only to teachers employed by an employer that has, pursuant to Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code, entered into a written agreement with an exclusive representative, that makes this section applicable to all of its classroom teachers, as defined in subdivision (c).

(f) The written agreement shall include a mechanism to pay for all increases in allowances provided for by this section through employer contributions or employee contributions or both, which shall be collected and retained by the employer in a trust fund to be used solely and exclusively to pay the system for all increases in allowances provided by this section and related administrative costs; and a mechanism for disposition of the employee's contributions if employment is terminated before retirement, and for the establishment of a trust fund board. The trust fund board shall administer the trust fund and shall be composed of an equal number of members representing classroom teachers chosen by the bargaining agent and the employer. If the employer agrees to pay the total cost of increases in allowances, the establishment of a trust fund and a trust fund board shall be optional to the employer. The employer, within 30 days of receiving an invoice from the system, shall reimburse the retirement fund the amount determined by the Teachers' Retirement Board to be the actuarial equivalent of the difference between the allowance the member or beneficiary receives pursuant to this section and the allowance the member or beneficiary would have received if the member's final compensation had been computed under Section 22134 and the proportionate share of the cost to the plan's Defined Benefit

Program, as determined by the Teachers' Retirement Board, of administering this section. The payment shall include the cost of all increases in allowances provided for by this section for all years of service credited to the member as of the benefit effective date. Interest shall be charged at the regular interest rate for any payment not received within 30 days of receipt of the invoice. Payments not received within 30 days after receipt of the invoice may be collected pursuant to Section 23007.

(g) Upon the execution of the agreement, the employer shall notify all certificated employees of the agreement and any certificated employee of the employer, who is a member of the Public Employees' Retirement System pursuant to Section 22508, that he or she may, within 60 days following the date of notification, elect to terminate his or her membership in the Public Employees' Retirement System and become a member of this plan's Defined Benefit Program. However, only service credited under the Defined Benefit Program subsequent to the date of that election shall be subject to this section.

(h) An employer that agrees to become subject to this section, shall, on a form and within the timeframes prescribed by the system, certify the applicability of this section to a member pursuant to the criteria set forth in this section when a retirement, disability, or family allowance becomes payable.

(i) For a nonmember spouse, final compensation shall be determined pursuant to paragraph (2) of subdivision (c) of Section 22664. The employer, within 30 days of receiving an invoice from the system, shall reimburse the retirement fund pursuant to subdivision (f). Interest shall be charged at the regular interest rate for payments not received within the prescribed timeframe. Payments not received within 30 days of invoicing may be collected pursuant to Section 23007.

SEC. 5. Section 22212.5 of the Education Code is amended to read:

22212.5. (a) This section shall apply to the following positions in the system: chief executive officer, system actuary, chief investment officer, and other investment officers and portfolio managers whose positions are designated managerial pursuant to Section 18801.1 of the Government Code.

(b) Notwithstanding Sections 19816, 19825, 19826, 19829, and 19832 of the Government Code, the board shall fix the compensation for the positions specified in subdivision (a). In so doing, the board shall be guided by the principles contained in Sections 19826 and 19829 of the Government Code, consistent with its fiduciary responsibility to its members to recruit and retain highly qualified and effective employees for these positions.

(c) When a position specified in subdivision (a) is filled through a general civil service appointment, it shall be filled from an eligible list based on an examination that was held on an open basis, and tenure in those positions shall be subject to the provisions of Article 2 (commencing with Section 19590) of Chapter 7 of Part 2 of Division 5 of Title 2 of the Government Code. In addition to the causes for action specified in that article, the board may take action under the article for causes related to its fiduciary responsibility to its members, including the employee's failure to meet specified performance objectives.

(d) An individual who held a position designated in subdivision (a) for less than five years may not, for a period of two years after leaving that position, for compensation, act as agent or attorney for, or otherwise represent, any other person, except the state, by making any formal or informal appearance before or by making any oral or written communication to the board, or any officer or employee thereof, if the appearance or communication is made for the purpose of influencing administrative or legislative action or any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, contract, or sale or purchase of goods or property.

SEC. 6. Section 22223 of the Education Code is amended to read:

22223. The members of the board who are not active members of the Defined Benefit Program or active participants of the Cash Balance Benefit Program and who are appointed by the Governor pursuant to Section 22200 shall receive one hundred dollars ($100) for every day of actual attendance at meetings of the board or any meeting of any committee of the board of which the person is a member, and that is conducted for the purpose of carrying out the powers and duties of the board, together with their necessary traveling expenses incurred in connection with performance of their official duties.

SEC. 7. Section 22662 of the Education Code is amended to read:

22662. The nonmember spouse who is awarded a separate account under the Defined Benefit Program may redeposit accumulated retirement contributions previously refunded to the member in accordance with the determination of the court pursuant to Section 22652.

(a) The nonmember spouse may redeposit under the Defined Benefit Program only those accumulated retirement contributions that were previously refunded to the member and in which the court has determined the nonmember spouse has a community property interest.

(b) The nonmember spouse shall inform the system in writing of his or her intent to redeposit within 180 days after the judgment or court order that specifies the redeposit rights of the nonmember spouse is entered. The nonmember spouses' election to redeposit shall be made

on a form provided by the system within 30 days after the system mails an election form and the billing.

(c) If the nonmember spouse elects to redeposit under the Defined Benefit Program, he or she shall repay all or a portion of the member's refunded accumulated retirement contributions that were awarded to the nonmember spouse and shall pay regular interest from the date of the refund to the date payment of the redeposit is completed.

(d) All payments shall be received by the system before the effective date of the nonmember spouse's retirement under this part. If any payment due because of the election is not received at the system's headquarters office, as established pursuant to Section 22375, within 120 days of its due date, the election shall be canceled and any payments made under the election shall be returned to the nonmember spouse.

(e) The right of the nonmember spouse to redeposit shall be subject to Section 23203.

(f) The member shall not have a right to redeposit the share of the nonmember spouse in the previously refunded accumulated retirement contributions under this part whether or not the nonmember spouse elects to redeposit. However, any accumulated retirement contributions previously refunded under this part and not explicitly awarded to the nonmember spouse under this part by the judgment or court order shall be deemed the exclusive property of the member.

SEC. 8. Section 22663 of the Education Code is amended to read:

22663. The nonmember spouse who is awarded a separate account under this part has the right to purchase additional service credit in accordance with the determination of the court pursuant to Section 22652.

(a) The nonmember spouse may purchase only the service credit that the court, pursuant to Section 22652, has determined to be the community property interest of the nonmember spouse.

(b) The nonmember spouse shall inform the system in writing of his or her intent to purchase additional service credit within 180 days after the date the judgment or court order addressing the right of the nonmember spouse to purchase additional service credit is entered. The nonmember spouse shall elect to purchase additional service credit on a form provided by the system within 30 days after the system mails an election form and billing.

(c) If the nonmember spouse elects to purchase additional service credit, he or she shall pay, prior to retirement under this part, all contributions with respect to the additional service at the contribution rate for additional service credit in effect at the time of election and regular interest from July 1 of the year following the year upon which contributions are based.

(1) (A) The nonmember spouse shall purchase additional service credit by paying the required contributions and interest in one lump sum, or in not more than 120 monthly installments, provided that no installment, except the final installment, is less than twenty-five dollars ($25). Regular interest shall be charged on the monthly, unpaid balance if the nonmember spouse pays in installments.

(B) If any payment due, because of the election, is not received at the system's headquarters office, as established pursuant to Section 22375, within 120 days of its due date, the election shall be canceled and any payments made under the election shall be returned to the nonmember spouse.

(2) The contributions shall be based on the member's compensation earnable in the most recent school year during which the member was employed, preceding the date of separation established by the court pursuant to Section 22652.

(3) All payments of contributions and interest shall be received by the system before the effective date of the retirement of the nonmember spouse.

(d) The nonmember spouse does not have a right to purchase additional service credit under this part after the effective date of a refund of the accumulated retirement contributions in the separate account of the nonmember spouse.

(e) The member does not have a right to purchase the community property interest of the nonmember spouse of additional service credit under this part whether or not the nonmember spouse elects to purchase the additional service credit. However, any additional service credit eligible for purchase that is not explicitly awarded to the nonmember spouse by the judgment or court order shall be deemed the exclusive property of the member.

SEC. 9. Section 22703 of the Education Code is amended to read:

22703. (a) Service shall be credited to the Defined Benefit Program, except as provided in subdivision (b).

(b) A member's creditable service that exceeds 1.000 in a school year shall not be credited to the Defined Benefit Program. Commencing July 1, 2002, contributions by the employer that are deposited in the Teachers' Retirement Fund and the member on creditable compensation paid to the member for that service, exclusive of contributions pursuant to Section 22951, shall be credited to the Defined Benefit Supplement Program.

(c) In lieu of any other benefits provided by this part, any member who performed service prior to July 1, 1956, shall receive retirement benefits for that service at least equal to the benefits that the member would have received for that service under the provisions of this part as

they existed on June 30, 1956. This subdivision shall not apply to service that is credited in the San Francisco Employees' Retirement System.

(d) The amendments to this section made during the second year of the 1999–2000 Regular Session shall become operative on July 1, 2002, if the revenue limit cost-of-living adjustment computed by the Superintendent of Public Instruction for the 2001–02 fiscal year is equal to or greater than 3.5 percent. Otherwise the amendments to this section made during the second year of the 1999–2000 Regular Session shall become operative on July 1, 2003.

SEC. 10. Section 22705 of the Education Code is amended to read:

22705. No service shall be included under this part for which a member of the Defined Benefit Program is entitled to receive a retirement benefit in a lump sum or installment payments, for other than military service, from any public retirement system other than this system, or under the American Gratuity Act No. 4151 relating to service in the Philippine Islands under which 15 or more years of creditable service has accrued, or the San Francisco Employees' Retirement System. If a retired member under this part becomes entitled to that retirement benefit, his or her retirement allowance shall be reduced thereafter to exclude the service upon which the retirement benefit is based, without other change in his or her retirement status. This section shall not apply to any retirement benefit received from a defined contribution plan that is qualified under Section 401(a), Section 403(b), or Section 457 of the Internal Revenue Code.

SEC. 11. Section 22705.5 of the Education Code is amended to read:

22705.5. Service subject to coverage by the San Francisco Employees' Retirement System pursuant to Section 24701 is excluded from coverage in the Defined Benefit Program. The member shall retain the right to receive a retirement allowance for creditable service that is subject to coverage under the Defined Benefit Program unless he or she withdraws his or her accumulated retirement contributions for that service.

SEC. 12. 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 on a full-time basis to perform creditable service subject to coverage under the Defined Benefit Program and have a minimum of 10 years of credited service, including five years of credited service for full-time employment immediately preceding the reduction in workload.

(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, other approved leaves of absence, and unpaid absences from the performance of creditable service for personal reasons do 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 be employed on a full-time basis to perform creditable service for at least five school years 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 time the employer requires for full-time employment in accordance with Section 22138.5 pursuant to the member's contract of employment during his or her last school year of full-time employment preceding the reduction in workload.

(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 Plan and the Public Employees' Retirement System, shall verify the member's eligibility for the reduced workload program.

(d) For each school year the member's workload is reduced pursuant to this section, the member shall make contributions to the Teachers' Retirement Fund in the amount that the member would have contributed

if the member had performed creditable service on a full-time basis and if that service was subject to coverage under the Defined Benefit Program.

(e) For each school year the member's workload is reduced pursuant to this section, 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 if the member had performed creditable service on a full-time basis and if that service was 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.

(g) A member who retires or otherwise separates from service prior to the end of the school year shall be in violation of this section and the member's service credit for that period of the contract shall be computed in accordance with Section 22701.

SEC. 13. Section 22803 of the Education Code is amended to read:

22803. (a) A member may elect to receive credit for any of the following:

(1) Service performed in a teaching position in a publicly supported and administered university or college in this state not covered by another public retirement system.

(2) Service performed in a certificated teaching position in a child care center operated by a county superintendent of schools or a school district in this state.

(3) Service performed in a teaching position in the California School for the Deaf or the California School for the Blind, or in special classes maintained by the public schools of this state for the instruction of the deaf, the hard of hearing, the blind, or the semisighted.

(4) Service performed in a certificated teaching position in a federally supported and administered Indian school in this state.

(5) Time served, not to exceed two years, in a certificated teaching position in a job corps center administered by the United States government in this state if the member was employed to perform creditable service subject to coverage under the Defined Benefit Program within one year prior to entering the job corps and returned to employment to perform creditable service subject to coverage under the Defined Benefit Program within six months following the date of termination of service in the job corps.

(6) Time spent on a sabbatical leave, approved by an employer in this state, after July 1, 1956.

(7) Time spent on an approved leave, approved by an employer in this state, to participate in any program under the federal Mutual Educational and Cultural Exchange Program.

(8) Time spent on an approved maternity or paternity leave of two years or less in duration, regardless of whether or not the leave was taken before or after the addition of this subdivision.

(9) Time spent on an approved leave, up to four months in any 12-month period, for family care or medical leave purposes, as defined by Section 12945.2 of the Government Code, as it read on the date leave was granted, excluding maternity and paternity leave.

(10) Time spent employed by the Board of Governors of the California Community Colleges in a position subject to coverage by the Public Employees' Retirement System between July 1, 1991, and December 31, 1997, provided the member has elected to return to coverage under the State Teachers' Retirement System pursuant to Section 20309 of the Government Code.

(b) In no event shall the member receive credit for service or time described in paragraphs (1) to (10), inclusive, of subdivision (a) if the member has received or is eligible to receive credit for the same service or time in the Cash Balance Benefit Program under Part 14 (commencing with Section 26000) or another retirement system.

SEC. 14. Section 23001 of the Education Code is amended to read:

23001. Each county superintendent, district superintendent, chancellor of a community college district, or other employing agency that reports directly to the system shall draw requisitions for contributions required by Sections 22901 and 22950 in favor of the State Teachers' Retirement System, and the requisitions, when allowed and signed by the county auditor, shall constitute a warrant against the county treasury. The county superintendent, district superintendent, chancellor of a community college district, or other employing agency thereupon shall forward the warrants to the board in the system's headquarters office, as established pursuant to Section 22375. The amounts received shall be deposited immediately in the State Treasury to the Teachers' Retirement Fund.

SEC. 15. Section 23104 of the Education Code is amended to read:

23104. (a) Deposit in the United States mail of an initial warrant drawn as directed by the member as a refund of contributions upon termination of employment, and addressed to the address directed by the member, constitutes a return of the member's accumulated retirement contributions under this part.

(b) If the member has elected on a form provided by the system to transfer all or a specified portion of the accumulated retirement contributions that are eligible for direct trustee-to-trustee transfer to the trustee of a qualified plan under Section 402 of the Internal Revenue

Code of 1986 (26 U.S.C.A. Sec. 402), deposit in the United States mail of a notice that the requested transfer has been made constitutes a return of the member's accumulated retirement contributions under this part.

(c) For refunds not involving direct trustee-to-trustee transfers, if the member returns the total gross distribution amount to the system's headquarters office, as established pursuant to Section 22375, within 30 days from the mailing date, the refund shall be canceled and the person shall be restored as a member of the Defined Benefit Program with all the rights and privileges under this part restored.

(d) For refunds involving direct trustee-to-trustee transfers, if the member returns the warrant drawn to the trustee of the qualified plan and, if applicable, any additional amounts necessary to equal, but in no event to exceed, the total gross distribution amount to the system's headquarters office, as established pursuant to Section 22375, within 30 days from the mailing date, the refund shall be canceled and the person shall be restored as a member of the Defined Benefit Program with all the rights and privileges under this part restored.

SEC. 16. Section 23202 of the Education Code is amended to read:

23202. (a) An election pursuant to Section 23200 to redeposit accumulated retirement contributions may be made by a member anytime prior to the effective date of the member's retirement under this part.

(b) An election to redeposit accumulated retirement contributions returned to the member shall be considered as an election to repay accumulated retirement contributions previously returned, up to but not exceeding the amount required to restore the total service credit returned, under the provisions of this chapter.

(c) If any payment due because of this election is not received at the system's headquarters office, as established pursuant to Section 22375, within 120 days of its due date, the election shall be canceled. Upon the cancellation of election, the member shall receive credit for the payments made under the election or, at the request of the member, those payments shall be returned.

(d) If the election is canceled, the member may at any time prior to the effective date of retirement under this part, again elect to redeposit accumulated retirement contributions previously withdrawn or returned, in accordance with Section 23200 and all the laws, rules, and regulations pertaining thereto.

SEC. 17. Section 23300 of the Education Code is amended to read:

23300. (a) A member of the Defined Benefit Program may designate a beneficiary to receive benefits payable under this part upon the member's death. A beneficiary designation may not be made in derogation of a community property interest of a nonmember spouse, as defined by Section 25000.9, with respect to service or contributions

credited under this part, unless the nonmember spouse has previously obtained an alternative order pursuant to Section 2610 of the Family Code.

(b) A member's beneficiary designation for benefits payable under the Defined Benefit Program, including a designation made pursuant to Section 24300, shall also apply to benefits payable under the Defined Benefit Supplement Program. A beneficiary designation shall be in writing on a form prescribed by the system and executed by the member.

(c) A beneficiary designation shall not be valid unless it is received in the system's headquarters office, as established pursuant to Section 22375, prior to the member's death.

(d) A member may change or revoke a beneficiary designation at any time by making a new designation pursuant to this section.

(e) This section is not applicable to the designation of an option beneficiary or an annuity beneficiary under this part.

(f) An option beneficiary may designate a death beneficiary who would, upon the death of the option beneficiary, be entitled to receive the option beneficiary's accrued monthly allowance.

SEC. 18. Section 24001 of the Education Code is amended to read:

24001. (a) A member may apply for a disability allowance under the Defined Benefit Program if the member has five or more years of credited service and if all of the following requirements are met:

(1) At least four years were credited for actual performance of service subject to coverage under the Defined Benefit Program. Credit received because of workers' compensation payments shall be counted toward the four-year requirement in accordance with Section 22710.

(2) The last five years of credited service were performed in this state.

(3) At least one year was credited for service performed subsequent to the date on which the member terminated the service retirement allowance under Section 24208.

(4) At least one year was credited for service performed subsequent to the most recent refund of accumulated retirement contributions.

(5) The member has neither attained normal retirement age, nor possesses sufficient unused sick leave days to receive creditable compensation on account of sick leave to normal retirement age.

(6) The member is not applying for a disability allowance because of a physical or mental condition known to exist at the time the most recent membership in the Defined Benefit Program commenced and remains substantially unchanged at the time of application.

(b) Nothing in subdivision (a) shall affect the right of a member to a disability allowance under this part if the reason that the member is credited with less than four years of actual service performed subject to coverage under the Defined Benefit Program is due to an on-the-job

injury or a disease that occurred while the member was employed and the four-year requirement can be satisfied by credit obtained under Chapter 14 (commencing with Section 22800) or Chapter 14.5 (commencing with Section 22850) in addition to any credit received from workers' compensation payments.

(c) Nothing in subdivision (a) shall affect the right of a member under this part who has less than five years of credited service to a disability allowance if the following conditions are met:

(1) The member has at least one year of credited service performed in this state.

(2) The disability is the direct result of an unlawful act of bodily injury that was perpetrated on his or her person by another human being while the member was performing his or her official duties in a position subject to coverage under the Defined Benefit Program.

(3) The member provides documentation of the unlawful act in the form of an official police report or official employer incident report.

SEC. 19. Section 24005 of the Education Code is amended to read:

24005. (a) A disability allowance under this part shall become effective upon any date designated by the member, provided all of the following conditions are met:

(1) An application for disability allowance is filed on a form provided by the system.

(2) The effective date is later than the last day of creditable service for which compensation is payable to the member.

(3) The effective date is no earlier than either the first day of the month in which the application is received by the system's headquarters office, as established pursuant to Section 22375, or the date upon and continuously after which the member is determined to the satisfaction of the board to have been mentally incompetent.

(b) If the member is employed to perform creditable service subject to coverage under the Defined Benefit Program at the time the disability allowance is approved under this part, the member shall notify the system in writing, within 90 days, of the last day on which the member will perform service. If the member does not respond within 90 days, or if the last day on which service will be performed is more than 90 days after the date the system notifies the member of approval of the disability allowance, the member's application for a disability allowance shall be rejected and a disability allowance shall not be payable to the member.

SEC. 20. Section 24101 of the Education Code is amended to read:

24101. (a) A member may apply for a disability retirement under this part if the member has five or more years of credited service and if all of the following requirements are met:

(1) At least four years were credited for actual service performed subject to coverage under the Defined Benefit Program. Credit received because of workers' compensation payments shall be counted toward the four-year requirement in accordance with Section 22710.

(2) The last five years of credited service were performed in this state.

(3) At least one year (1.000) of credited service was earned subsequent to the date on which the member terminated the service retirement allowance under Section 24208.

(4) At least one year (1.000) of credited service was earned subsequent to the date on which the member's disability retirement was terminated.

(5) At least one year (1.000) of credited service was earned subsequent to the most recent refund of accumulated retirement contributions.

(6) The member is not applying for a disability retirement because of a physical or mental condition known to exist at the time the most recent membership in the Defined Benefit Program commenced and that remains substantially unchanged at the time of application.

(b) Nothing in subdivision (a) shall affect the right of a member to a disability retirement if the reason that the member has performed less than four years of actual service is due to an on-the-job injury or a disease while in employment subject to coverage by the Defined Benefit Program and the four-year requirement can be satisfied by credit obtained under Chapter 14 (commencing with Section 22800) or Chapter 14.5 (commencing with Section 22850) in addition to any credit received from workers' compensation payments.

(c) Nothing in subdivision (a) shall affect the right of a member under this part who has less than five years of credited service to a disability retirement allowance if the following conditions are met:

(1) The member has at least one year of credited service performed in this state.

(2) The disability is a direct result of an unlawful act of bodily injury that was perpetrated on his or her person by another human being while the member was performing his or her official duties in a position subject to coverage under the Defined Benefit Program.

(3) The member provides documentation of the unlawful act in the form of an official police report or official employer incident report.

SEC. 21. Section 24105 of the Education Code is amended to read:

24105. (a) A disability retirement allowance under this part shall become effective upon any date designated by the member, provided that all of the following conditions are met:

(1) An application for disability retirement is filed on a form provided by the system.

(2) The effective date is later than the last day of service for which compensation is payable to the member.

(3) The effective date is no earlier than either the first day of the month in which the application is received at the system's headquarters office, as established pursuant to Section 22375, or the date upon and continuously after which the member is determined to the satisfaction of the board to have been mentally incompetent.

(b) If a member's application for disability retirement under this part does not contain an election of either an unmodified allowance or an allowance modified under an option and if the member subsequently submits an election, but not within the 30-day period established pursuant to Section 24301, the board shall set a benefit effective date which is no earlier than the first day of the month in which the subsequent election is received by the system. If the member fails to submit an election pursuant to Section 24301 and within six months of the date the acknowledgment notice is mailed pursuant to Section 24301, the member's application for disability retirement under this part shall be rejected.

(c) If the member is employed to perform creditable service subject to coverage under the Defined Benefit Program at the time the disability retirement is approved, the member shall notify the system in writing, within 90 days, of the last day on which the member will perform service. If the member does not respond within 90 days, or if the last day on which service will be performed is more than 90 days after the date the system notifies the member of the approval of disability retirement, the member's application for disability retirement shall be rejected and a disability retirement allowance shall not be payable to the member.

SEC. 22. Section 24204 of the Education Code is amended to read:

24204. A service retirement allowance under this part shall become effective upon any date designated by the member, provided all of the following conditions are met:

(a) An application for service retirement allowance is filed on a form provided by the system, which is executed no earlier than six months before the effective date of retirement allowance.

(b) The effective date is later than the last day of creditable service for which compensation is payable to the member.

(c) The effective date is no earlier than the first day of the month in which the application is received at the system's headquarters office, as established pursuant to Section 22375.

(d) Either of the following conditions exists:

(1) The effective date is no earlier than one year following the date on which the retirement allowance was terminated under Section 24208, or subdivision (a) of Section 24117.

(2) The effective date is no earlier than the date upon and continuously after which the member is determined to the satisfaction of the board to have been mentally incompetent.

(e) A member who files an application prior to the effective date of retirement may change or cancel his or her retirement application, as long as the form provided by the system is received in the system's headquarters office, established pursuant to Section 22375, no later than the last day of the month in which the retirement date is effective.

SEC. 23. Section 24208 of the Education Code is amended to read:

24208. (a) A member retired for service under this part may terminate the retirement allowance upon written request to the system effective upon a date designated by the member, subject to the following conditions:

(1) The request for termination of the retirement allowance is filed on a form provided by the system, and the form is executed no earlier than six months before the effective date of the termination.

(2) The effective date of the termination of the retirement allowance is no earlier than the first day of the month in which the request for termination is received in the system's headquarters office, as established pursuant to Section 22375.

(b) A member who files a request for termination of the retirement allowance may cancel the termination upon written request to the system, provided that the cancellation request is received in the system's headquarters office, as established pursuant to Section 22375, no later than the last day of the month in which the termination is effective.

SEC. 24. Section 24214 of the Education Code, as amended by Section 22 of Chapter 912 of the Statutes of 2004, is amended to read:

24214. (a) A member retired for service under this part may perform the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 as an employee of an employer, as an employee of a third party, or as an independent contractor within the California public school system, but the member may not make contributions to the retirement fund or accrue service credit based on compensation earned from that service.

(b) The rate of pay for service performed by a member retired for service under this part as an employee of the employer may not be less than the minimum, nor exceed that paid by the employer to other employees performing comparable duties.

(c) A member retired for service under this part may not be required to reinstate for performing the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5, as an employee of an employer, as an employee of a third party, or as an independent contractor within the California public school system.

(d) A member retired for service under this part may earn compensation for performing activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 in any one school year up to the limitation specified in subdivision (f) as an employee of an employer, as an employee of a third party, or an independent contractor, within the California public school system, without a reduction in his or her retirement allowance.

(e) (1) The postretirement compensation limitation provisions set forth in this section are not applicable to compensation earned by a member retired for service under this part who has returned to work after the date of retirement and, for a period of at least 12 consecutive months, has not performed the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 as an employee of an employer, as an employee of a third party, or as an independent contractor within the California public school system. For the purpose of this paragraph, the period of 12 consecutive months begins from the effective date of the member's most recent retirement.

(2) The postretirement compensation limitation provisions set forth in this section are not applicable to compensation earned for the performance of the activities described in subdivision (a) for which the employer is not eligible to receive state apportionment or to compensation that is not creditable pursuant to Section 22119.2.

(f) The limitation that shall apply to the compensation for performance of the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 by a member retired for service under this part either as an employee of an employer, an employee of a third party, or as an independent contractor, shall, in any one school year, be an amount calculated by the board each July 1 equal to twenty-two thousand dollars ($22,000) adjusted by the percentage change in the average compensation earnable of active members of the Defined Benefit Program, as determined by the system, from the 1998–99 fiscal year to the fiscal year ending in the previous calendar year.

(g) If a member retired for service under this part earns compensation for performing activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 in excess of the limitation specified in subdivision (f), as an employee of an employer, as an employee of a third party, or as an independent contractor, within the California public school system, and if that compensation is not exempt from that limitation under subdivision (e) or any other provisions of law, the member's retirement allowance shall be reduced by the amount of the excess compensation. The amount of the reduction may be equal to the monthly allowance payable but shall not exceed the

amount of the annual allowance payable under this part for the fiscal year in which the excess compensation was earned.

(h) The amendments to this section enacted during the 1995–96 Regular Session shall be deemed to have become operative on July 1, 1996.

(i) This section shall be repealed on January 1, 2008, unless later enacted legislation extends or deletes that date.

SEC. 25. 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 42122) of Chapter 6 of Part 24, shall be exempt from subdivisions (d) and (f) of Section 24214 for a maximum period of two years.

(2) The period of exemption shall commence on the date the member retired for service is appointed or assigned and shall end no more than two calendar years from that date, after which the limitation specified in subdivisions (d) and (f) of Section 24214 shall apply.

(3) An exemption under this subdivision shall be granted by the system providing that the Superintendent 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 position, if the vacancy occurred due to circumstances beyond the control of the employer.

(2) The period of exemption shall commence on the date the member retired for service is appointed or assigned and shall end no more than two calendar years from that date, after which the limitation specified in subdivisions (d) and (f) of Section 24214 shall apply.

(3) An exemption under this subdivision shall be granted by the system subject to the following conditions:

(A) The recruitment process to fill the vacancy on a permanent basis is expected to extend over several months.

(B) The employment is reported in a public meeting of the governing body of the employer.

(C) The employer submits documentation required by the system to substantiate the eligibility of the member retired for service for an exemption under this subdivision.

(c) This section does not apply to any person who has received additional service credit pursuant to Section 22715 or 22716.

(d) A person who has received additional service credit pursuant to Section 22714 or 22714.5 shall be ineligible for one year from the effective date of retirement for the exemption provided in this section for service performed in any school district, community college district, or county office of education in the state.

(e) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2008, deletes or extends that date.

SEC. 26. Section 24219 of the Education Code is amended to read:

24219. Members who were retired under a previously existing local teachers' retirement system or the San Francisco Employees' Retirement System prior to July 1, 1972, who have not retired under this part for the local system service performed prior to July 1, 1972, shall have that portion of the retirement allowance computed under the law in effect on June 30, 1972, whenever they retire in the future.

SEC. 27. Section 24306.5 of the Education Code is amended to read:

24306.5. (a) A member who retired for service under Option 2 or Option 3 with an effective date prior to January 1, 1991, may elect to change Option 2 to Option 6 or Option 3 to Option 7 under all of the following conditions:

(1) The election is made during the six-month period commencing July 1, 1994, and ending December 31, 1994.

(2) The same beneficiary under Option 2 or Option 3 is named as beneficiary under Option 6 or Option 7.

(3) The change in options is consistent with Sections 22453 and 24305.

(4) The option beneficiary is not afflicted with any known terminal illness and the retired member shall state under penalty of perjury that to the best of his or her knowledge the option beneficiary is not afflicted with any known terminal illness.

(5) The option beneficiary has not predeceased the retired member as of the effective date of the change in options.

(b) The change in options shall be effective on the date the election is signed, provided that the election is received at the system's headquarters office, as established pursuant to Section 22375, within 30 days after the date of the signature.

(c) If an election to change options is made pursuant to this section, the modified allowance shall be reduced in a manner determined by the

board to ensure that no additional liability shall be incurred by the plan pursuant to this section.

SEC. 28. Section 24306.7 of the Education Code is amended to read:

24306.7. (a) Any member who retired for service under Option 4 or Option 5 with an effective date prior to January 1, 1991, may elect to change Option 4 to Option 6 or Option 5 to Option 7 if all of the following conditions are met:

(1) The election is made during the three-month period commencing January 1, 1999, and ending March 31, 1999.

(2) The same beneficiary under Option 4 or Option 5 is named as beneficiary under Option 6 or Option 7.

(3) The change in options is consistent with Sections 22453 and 24305.

(4) The option beneficiary is not afflicted with any known terminal illness.

(5) The option beneficiary has not predeceased the retired member as of the effective date of the change in option.

(6) The election to change the option under this section is received in the system's office in Sacramento at least 30 days prior to the death of the option beneficiary.

(b) Failure to satisfy all of the conditions in subdivision (a) shall render the change of election invalid.

(c) The change in options under this section shall be effective on the date the election is signed, provided all the conditions set forth in subdivision (a) are satisfied and the election is received at the system's headquarters office, as established pursuant to Section 22375, within 30 days after the date of the signature.

(d) The selection of a new joint and survivor option under this section is subject to a further modification of the modified retirement allowance. In no event may a retired member elect a joint and survivor option that would result in any additional liability to the fund.

SEC. 29. Section 24307 of the Education Code is amended to read:

24307. (a) A member who qualifies to apply for retirement under Section 24201 or 24203 may make a preretirement election of an option, as provided in Section 24300, without right of revocation or change after the effective date of retirement, except as provided in this part. The preretirement election of an option shall become effective as of the date of the member's signature on a properly executed form prescribed by the system, subject to the following requirements:

(1) The form includes the signature of the member's spouse, if applicable, which is dated, and the date of that signature is within 30 days of the member's signature.

(2) The date the form is received at the system's headquarters office, as established pursuant to Section 22375, is within 30 days of the date

of the member's signature and within 30 days of the date of spouse's signature, if applicable.

(b) A member who makes a preretirement election of an Option 2, Option 3, Option 4, Option 5, Option 6, or Option 7 may subsequently make a preretirement election of Option 8. The member may retain the same option and the same option beneficiary as named in the prior preretirement election, as an option under Option 8.

(c) Upon the member's death prior to the effective date of retirement, the beneficiary who was designated under the option elected and who survives shall receive an allowance calculated under the option, under the assumption that the member retired for service pursuant to Chapter 27 (commencing with Section 24201) on the date of death. The payment of the allowance to the option beneficiary shall be in lieu of the family allowance provided in Section 23804, the payment provided in paragraph (1) of subdivision (a) of Section 23802, the survivor benefit allowance provided in Section 23854, and the payment provided in subdivisions (a) and (b) of Section 23852, except that if the beneficiary dies before all of the member's accumulated retirement contributions are paid, the balance, if any, shall be paid to the estate of the person last receiving or entitled to receive the allowance. The accumulated annuity deposit contributions and the death payment provided in Sections 23801 and 23851 shall be paid to the beneficiary in a lump sum.

(d) If the member subsequently retires for service, and the elected option has not been canceled pursuant to Section 24309, a modified service retirement allowance computed under Section 24300 and the option elected shall be paid.

(e) The amount of the service retirement allowance prior to applying the option factor shall be calculated as of the earlier of the member's age at death before retirement or age on the last day of the month in which the member requested service retirement be effective. The modification of the service retirement allowance under the option elected shall be based on the ages of the member and the beneficiary designated under the option, as of the date the election was signed.

(f) A member who terminates the service retirement allowance pursuant to Section 24208 shall not be eligible to file a preretirement election of an option until one calendar year elapses from the date the allowance is terminated.

(g) The system shall inform members who are qualified to make a preretirement election of an option, through the annual statements of account, that the election of an option can be made.

(h) This section shall become operative on January 1, 2000.

SEC. 30. Section 24311 of the Education Code is amended to read:

24311. (a) A member who has a preretirement election of an option in effect on December 31, 1990, may change his or her preretirement election of Option 2, Option 3, Option 4, or Option 5, to either Option 6 or Option 7 without the allowance reduction prescribed in Sections 24309 and 24310, provided the change is made on or after January 1, 1991, and prior to the earlier of January 1, 1992, or the member's retirement under this part.

(b) If the member elects to change his or her option under this section, then the member shall retain the same option beneficiary as named in the prior preretirement election. The election to change the preretirement election under this section shall be void if not received in the system's headquarters office, as established pursuant to Section 22375, at least 30 days prior to the death of the option beneficiary.

SEC. 31. Section 24312 of the Education Code is amended to read:

24312. (a) A member who has a preretirement election of an option in effect on December 31, 1999, may change his or her preretirement election of Option 2, Option 3, Option 4, Option 5, Option 6 or Option 7 to Option 8 without the allowance reduction prescribed in Sections 24309 and 24310, provided the change is made on or after January 1, 2000, and prior to the earlier of July 1, 2000, or the member's effective date of retirement.

(b) If the member elects to change his or her option under this section then the member shall retain the same option and the same option beneficiary as named in the prior preretirement election of an option as one of the options under Option 8. The election to change the preretirement election under this section shall be void if not received in the system's headquarters office, as established pursuant to Section 22375, at least 30 days prior to the death of the option beneficiary.

(c) This section shall become operative on January 1, 2000.

SEC. 32. Section 24400 of the Education Code is amended to read:

24400. The Legislature recognizes that inflation erodes the purchasing power of benefits paid under the plan under this part. It is the intent of the Legislature to understand the degree of erosion of these benefits. The board shall report to the Governor and Legislature no later than June 1 of each year on the extent to which inflation has eroded the purchasing power of benefits provided under the Defined Benefit Program. The board shall indicate the amount of supplementary increases in retirement allowances required to preserve the purchasing power of benefits provided by the Defined Benefit Program. The board shall also determine and report on the increases.

SEC. 33. Section 24613 of the Education Code is amended to read:

24613. (a) Payment pursuant to the board's determination in good faith of the existence, identity, or other facts relating to entitlement of

persons under this part constitutes a complete discharge and release of the board, system, and plan from liability for that payment.

(b) Notwithstanding Sections 751 and 1100 of the Family Code relating to community property interests, whenever payment or refund is made by this system to a member, former member, or beneficiary of a member pursuant to this part, the payment shall fully discharge the board, system, and plan from all adverse claims thereto unless, before payment is made, a written notice of adverse claim is received at the system's headquarters office, as established pursuant to Section 22375.

SEC. 34. Section 24701 of the Education Code is amended to read:

24701. Those credentialed members of the San Francisco Employees' Retirement System on June 30, 1972, who make an irrevocable election to be covered only by the State Teachers' Retirement Plan under this part for prior and future service performed in San Francisco, shall be allowed to be covered for other certificated service concurrently, where the provisions of the city and county charter permit. This shall not include any credited service, as defined in Section 22121.

SEC. 35. Section 24704 of the Education Code is amended to read:

24704. The San Francisco Employees' Retirement System shall provide concurrent retirement benefits for classified and other noncertificated service in the San Francisco system according to the provisions applicable to miscellaneous employees of the time of the concurrent retirement for:

(a) Members of that system who transfer to the Defined Benefit Program after June 30, 1972.

(b) Persons who were members of both the San Francisco system and the Defined Benefit Program on June 30, 1972.

(c) Any person who could have qualified under subdivision (b) if he or she had not taken a refund from either the San Francisco System or the Defined Benefit Program, but not both, provided the person qualifies for and redeposits prior to retirement.

SEC. 36. Section 24750 of the Education Code is amended to read:

24750. Those members who took a refund of their accumulated contributions from the former Los Angeles Unified School District Retirement System or the former Los Angeles Community College District Retirement System or the San Francisco Employees' Retirement System, prior to July 1, 1972, and who have former Permanent Fund contributions only on deposit related to former local system service shall have those accumulated former Permanent Fund contributions on deposit as of July 1, 1972, treated in the same manner as accumulated retirement contributions of all nonlocal members. Upon discovery and notification to those members, they shall do either of the following:

(a) Redeposit all or a portion of the accumulated retirement contributions required to bring the account into full balance with regular interest prior to retirement under this part.

(b) Leave those former Permanent Fund accumulated contributions on deposit and receive a reduced retirement allowance under the law as it read on June 30, 1972.

SEC. 37. Section 24751 of the Education Code is amended to read:

24751. Those members who took a refund of their accumulated retirement contributions from the former Los Angeles Unified School District Retirement System or the former Los Angeles Community College District Retirement System or the San Francisco Employees' Retirement System, prior to July 1, 1972, and who also took a refund of their Permanent Fund contributions from the State Teachers' Retirement System with respect to the Defined Benefit Program, and who redeposited their contributions in the local system but who did not redeposit their Permanent Fund contributions in the State Teachers' Retirement System with respect to the Defined Benefit Program, shall redeposit all or a portion of the accumulated retirement contributions required to bring the account into full balance with regular interest from the date of refund to the date of payment. The redeposit may be made immediately upon notification by the system and shall be made prior to retirement under this part. The redeposit shall be made in a lump sum or by installment payments as specified by the chief executive officer.

SEC. 38. Section 26401 of the Education Code, as amended by Section 6 of Chapter 474 of the Statutes of 2004, is amended to read:

26401. (a) A member of the Defined Benefit Program who is employed to perform creditable service on a part-time basis for less than 50 percent of each full-time position by a school district or county office of education that provides the Cash Balance Benefit Program may elect to become a participant for creditable service subject to coverage under the Cash Balance Benefit Program for that employer, provided that the creditable service is not performed for the same employer with whom the member is also subject to mandatory membership in the Defined Benefit Program.

(b) A member of the Defined Benefit Program who is employed pursuant to Section 87474, 87480, 87481, 87482, or 87482.5 by a community college district that provides the Cash Balance Benefit Program may elect to become a participant for creditable service subject to coverage under the Cash Balance Benefit Program for that employer, provided that the creditable service is not performed for the same employer with whom the member is also subject to mandatory membership in the Defined Benefit Program.

(c) The election shall be made on a form prescribed by the system and shall be filed with the employer within 60 calendar days of the later of the first day of employment with an employer that provides the Cash Balance Benefit Program, the date of the employer's governing board's action to provide the Cash Balance Benefit Program, or the effective date of the employer's governing board's action to provide the Cash Balance Benefit Program.

(d) Employers shall make available to employees specified in subdivisions (a) and (b) information and forms provided by the system for making an election regarding participation, and shall maintain the written election by the employee in employer files. The election shall become effective on the first day of the pay period following the pay period in which the election is made.

(e) If an election is made pursuant to subdivision (a) and the participant's basis of employment with that employer changes to employment to perform creditable service for 50 percent or more of the full-time position during one school year with the same employer, creditable service performed for that employer shall no longer be covered under the Cash Balance Benefit Program. Creditable service performed for that employer shall be subject to coverage under the Defined Benefit Program as of the first day of the pay period following the change in the participant's basis of employment.

(f) If an election is made pursuant to subdivision (b) and the participant's basis of employment with the community college district changes to employment that is subject to mandatory membership in the Defined Benefit Program pursuant to Section 22501, 22502, or 22504 during one school year with the same employer, creditable service performed for that employer shall no longer be covered under the Cash Balance Benefit Program. Creditable service performed for that employer shall be subject to coverage under the Defined Benefit Program as of the first day of the pay period following the change in the participant's basis of employment.

(g) (1) If an employee was excluded from participation in the Cash Balance Benefit Program pursuant to Section 26401.5, as that section read on December 31, 2000, for the same service, the employee may elect to become a participant for creditable service subject to coverage under the Cash Balance Benefit Program for that employer, provided all of the following conditions are met:

(A) The employment is pursuant to Section 87474, 87480, 87481, 87482, or 87482.5.

(B) The employer offers the Cash Balance Benefit Program.

(C) The creditable service is not also subject to mandatory membership in the Defined Benefit Program.

(2) Employers shall make available to employees forms provided by the system for making an election regarding participation and shall maintain the written election by the employee in the employer files. The election shall become effective on the first day of the pay period following the pay period in which the election is made.

SEC. 39. Section 27100 of the Education Code is amended to read:

27100. A participant may at any time designate or change the designation of one or more primary beneficiaries and one or more contingent beneficiaries to receive any lump-sum death benefit that may be payable under the plan. The beneficiary for the lump-sum death benefit under this part may be a person, trust, or the estate of the participant. The beneficiary shall be designated on a form prescribed by the system that is received in the system's headquarters office, as established pursuant to Section 22375, before the participant's death.

SEC. 40. Section 45134 of the Education Code is amended to read:

45134. (a) Notwithstanding any other provisions of law, no minimum or maximum age limits shall be established for the employment or continuance in employment of persons as part of the classified service.

(b) Any person possessing all of the minimum qualifications for any employment shall be eligible for appointment to that employment, and no rule or policy, either written or unwritten, heretofore or hereafter adopted, shall prohibit the employment or continued employment, solely because of the age of any person in any school employment who is otherwise qualified.

(c) No person shall be employed in school employment while he or she is receiving a retirement allowance under any retirement system by reason of prior school employment, except that a person may be hired:

(1) Pursuant to Article 8 (commencing with Section 21220) of Chapter 12 of Part 3 of Division 5 of Title 2 of the Government Code.

(2) As an aide in one of the following circumstances:

(A) An aide is needed in a class with a high pupil-teacher ratio.

(B) An aide is needed to provide one-on-one instruction in remedial classes or for underprivileged students.

A person working as an aide pursuant to this subdivision shall not receive service credits for purposes of the State Teachers' Retirement System.

(d) The provisions of subdivision (c) shall be inapplicable to persons who were employed in the classified service of any school district as of September 18, 1959, and who are still in the employ of the same district on the effective date of this subdivision, and the rights of those persons shall be fixed and determined as of September 18, 1959, and no such person shall be deprived of any right to any retirement allowance or eligibility for any such allowance to which he or she would have been

entitled as of that date. Any such person who, by reason of any provision of law to the contrary, has been deprived of any right to retirement allowance or eligibility for such an allowance, shall, upon the filing of application therefor, be reinstated to such rights as he or she would have had had this subdivision been in effect on September 18, 1959.

(e) This section shall apply to districts that have adopted the merit system in the same manner and effect as if it were a part of Article 6 (commencing with Section 45240) of this chapter.

SEC. 41. Any section of any act enacted by the Legislature during the 2005 calendar year that takes effect on or before January 1, 2006, 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.

CHAPTER 352

An act to add Section 88532 to the Education Code, and making an appropriation therefor.

[Approved by Governor September 27, 2005. Filed with Secretary of State September 27, 2005.]

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

SECTION 1. Section 88532 is added to the Education Code, to read:

88532. (a) The board of governors shall assist economic and workforce regional development centers and consortia, including middle and junior high schools or high schools and regional occupational centers and programs, to improve linkages and career-technical education pathways between high schools and community colleges for the benefit of pupils and students in both education systems. This assistance shall include all of the following:

(1) Expanding certificate programs in identified economic development program strategic priority areas.

(2) Aligning existing technical preparation programs and career-technical education curriculum between high schools and community colleges to more targeted industry-driven programs through the models consistent with economic and workforce development strategic priority areas.

(3) Promoting the California Community Colleges Economic and Workforce Development Program's successful integration of business and emerging industries with career technical programs provided in high schools.

(4) Creating new articulated courses between high schools and community colleges and, where appropriate, four-year institutions.

(5) Accelerating education and training for those students who choose to be prepared for career and technical employment opportunities in less traditional and more expeditious methods while maintaining and or improving student competencies.

(6) Exploring new and more relevant career and technical practicum models that integrate coursework and student internship.

(7) Improving the quality of career exploration and career outreach materials.

(8) Disseminating materials and curriculum to all middle schools and senior high schools.

(b) The chancellor shall develop an implementation strategy for the program objectives delineated in this section as a part of the annual expenditure plan submitted to the advisory committee for the California Community Colleges Economic and Workforce Development Program and the board of governors.

(c) This section shall be operative only in fiscal years for which funds have been appropriated by the Legislature expressly for the purposes of this section.

(d) The board of governors shall ensure that elementary and secondary school educators strongly collaborate with college faculty in implementing this section.

SEC. 2. The Board of Governors of the California Community Colleges, in collaboration with the State Department of Education, shall produce a report regarding the implementation of the act that adds this section and the allocation of the funds appropriated for the purposes of that act. This report shall be submitted to the Legislature, the Governor, and the Director of Finance no later than July 1, 2007, and shall include all of the following:

(a) Information about resource needs and recommendations for future funding.

(b) An assessment of both of the following:

(1) The capacity of high schools and community colleges to engage in, and support, effective, integrated four-year programs of career and technical preparation.

(2) The capacity-building needs of the high schools and community colleges relating to course articulation between those institutions and baccalaureate degree-granting programs.

(c) A recommendation of ways to strengthen collaboration between community colleges and high schools to expand career-technical education programs and to expand career-technical education programs and related opportunities for pupils attending elementary and secondary schools.

SEC. 3. (a) The sum of twenty million one hundred ninety-three thousand dollars ($20,193,000) is hereby appropriated to the Board of Governors of the California Community Colleges in accordance with the following schedule:

(1) Twenty million dollars ($20,000,000) from the Proposition 98 Reversion Account for allocation for local assistance grants to consortia of community colleges and their public elementary and secondary school partners for purposes of the act that adds this section, in accordance with a plan of expenditure developed in conjunction with the State Department of Education and approved by the Director of Finance.

(2) One hundred ninety-three thousand dollars ($193,000) from the portion of the Federal Trust Fund that is made available to the State Department of Education by the United States Department of Education pursuant to the Carl D. Perkins Vocational and Technical Education Act (Public Law 105-332) to support two-year limited-term positions for workload associated with the grants authorized in paragraph (1) for the 2005-06 fiscal year. It is the intent of the Legislature that the second fiscal year of funding for these positions be included in the Budget Act of 2006.

(b) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, to the extent that the funds appropriated by this section are allocated to community college districts or school districts, they shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, or "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the fiscal year in which they are allocated, and shall be 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.

CHAPTER 353

An act to amend Sections 8482.3 and 8483.3 of the Education Code, relating to after school programs, and making an appropriation therefor.

[Approved by Governor September 27, 2005. Filed with
Secretary of State September 27, 2005.]

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

SECTION 1. Section 8482.3 of the Education Code is amended to read:

8482.3. (a) The After School Education and Safety Program shall be established to serve pupils in kindergarten and grades 1 to 9, inclusive, at participating public elementary, middle, junior high, and charter schools.

(b) A program may operate a before school component of a program, an after school component, or both the before and after school components of a program, on one or multiple schoolsites. If a program operates at multiple schoolsites, only one application shall be required for its establishment.

(c) Each component of a program established pursuant to this article shall consist of the following two components:

(1) An educational and literacy component whereby tutoring or homework assistance is provided in one or more of the following areas: language arts, mathematics, history and social science, computer training, or science.

(2) A component whereby educational enrichment, which may include, but need not be limited to, fine arts, career technical education, recreation, physical fitness, and prevention activities, is provided. Notwithstanding any other provision of this article, the majority of the time of participation by a pupil who is in kindergarten or any of grades 1 to 8, inclusive, in a career technical education component of a program shall physically take place at a schoolsite described in subdivision (a).

(d) Applicants for programs established pursuant to this article may include any of the following:

(1) A local education agency, including a charter school.

(2) A city, county, or nonprofit organization in partnership with, and with the approval of, a local education agency or agencies.

(e) Applicants for grants pursuant to this article shall ensure that each of the following requirements is fulfilled, if applicable:

(1) The application documents the commitments of each partner to operate a program on that site or sites.

(2) The application has been approved by the school district and the principal of each participating school for each schoolsite or other site.

(3) Each partner in the application agrees to share responsibility for the quality of the program.

(4) The application designates the public agency or local education agency partner to act as the fiscal agent. For purposes of this section, "public agency" means only a county board of supervisors or, where the city is incorporated or has a charter, a city council.

(5) Applicants agree to follow all fiscal reporting and auditing standards required by the department.

SEC. 2. Section 8483.3 of the Education Code, as amended by Section 1 of Chapter 582 of the Statutes of 2000, is amended to read:

8483.3. (a) The department shall select applicants to participate in the program established pursuant to this article from among applicants that apply on forms and in a manner prescribed by the department. To the extent possible, the selection of applicants by the department shall result in an equitable distribution of grant awards pursuant to Section 8483.7 to applicants in northern, southern, and central California, and in urban, suburban, and rural areas of California.

(b) The department shall consider the following in selecting schools to participate in the program established pursuant to this article, with primary emphasis given to items (1) through (5):

(1) Strength of the educational component.

(2) Quality of the educational enrichment component.

(3) Strength of staff training and development component.

(4) Scope and strength of collaboration, including demonstrated support of the schoolsite principal and staff.

(5) Capacity to facilitate better integration with the regular schoolday and other extended learning opportunities. These opportunities may include arts, career technical education, recreation, computer use, and other activities to broaden the pupil's learning experience. Notwithstanding any other provision of this article, the majority of the time of participation by a pupil who is in kindergarten or any of grades 1 to 8, inclusive, in a career technical education component of a program shall physically take place at a schoolsite described in subdivision (a) of Section 8482.3.

(6) Inclusion of a nutritional snack.

(7) Employment of CalWORKs recipients.

(8) Level and type of local matching funds.

(9) Capacity to respond to program evaluation requirements.

(10) Demonstrated fiscal accountability.

(c) The department shall develop reporting requirements and allocation procedures, including procedures to reimburse startup costs for programs established pursuant to this article.

SEC. 3. The Legislature finds and declares that this act furthers the purposes of the After School Education and Safety Program.

CHAPTER 354

An act to amend Section 33126 of the Education Code, relating to vocational education.

[Approved by Governor September 27, 2005. Filed with Secretary of State September 27, 2005.]

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

SECTION 1. Section 33126 of the Education Code is amended to read:

33126. (a) The school accountability report card shall provide data by which a parent can make meaningful comparisons between public schools that will enable him or her to make informed decisions on which school to enroll his or her children.

(b) The school accountability report card shall include, but is not limited to, assessment of the following school conditions:

(1) (A) Pupil achievement by grade level, as measured by the standardized testing and reporting programs pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33.

(B) Pupil achievement in and progress toward meeting reading, writing, arithmetic, and other academic goals, including results by grade level from the assessment tool used by the school district using percentiles when available for the most recent three-year period.

(C) After the state develops a statewide assessment system pursuant to Chapter 5 (commencing with Section 60600) and Chapter 6 (commencing with Section 60800) of Part 33, pupil achievement by grade level, as measured by the results of the statewide assessment.

(D) Secondary schools with high school seniors shall list both the average verbal and math Scholastic Assessment Test scores to the extent provided to the school and the percentage of seniors taking that exam for the most recent three-year period.

(2) Progress toward reducing dropout rates, including the one-year dropout rate listed in the California Basic Education Data System or any successor data system for the schoolsite over the most recent three-year period, and the graduation rate, as defined by the State Board of Education, over the most recent three-year period when available pursuant to Section 52052.

(3) Estimated expenditures per pupil and types of services funded.

(4) Progress toward reducing class sizes and teaching loads, including the distribution of class sizes at the schoolsite by grade level, the average class size, and, if applicable, the percentage of pupils in kindergarten and grades 1 to 3, inclusive, participating in the Class Size Reduction Program established pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28, using California Basic Education Data System or any successor data system information for the most recent three-year period.

(5) The total number of the school's fully credentialed teachers, the number of teachers relying upon emergency credentials, the number of teachers working without credentials, any assignment of teachers outside their subject areas of competence, misassignments, including misassignments of teachers of English learners, and the number of vacant teacher positions for the most recent three-year period.

(A) For purposes of this paragraph, "vacant teacher position" means a position to which a single-designated certificated employee has not been assigned at the beginning of the year for an entire year or, if the position is for a one-semester course, a position to which a single-designated certificated employee has not been assigned at the beginning of a semester for an entire semester.

(B) For purposes of this paragraph, "misassignment" means the placement of a certificated employee in a teaching or services position for which the employee does not hold a legally recognized certificate or credential or the placement of a certificated employee in a teaching or services position that the employee is not otherwise authorized by statute to hold.

(6) (A) Quality and currency of textbooks and other instructional materials, including whether textbooks and other materials meet state standards and are adopted by the State Board of Education for kindergarten and grades 1 to 8, inclusive, and adopted by the governing boards of school districts for grades 9 to 12, inclusive, and the ratio of textbooks per pupil and the year the textbooks were adopted.

(B) The availability of sufficient textbooks and other instructional materials, as defined in Section 60119, for each pupil, including English learners, in each of the areas enumerated in clauses (i) to (iii), inclusive. If the governing board determines, pursuant to Section 60119 that there are insufficient textbooks or instructional materials, or both, it shall include information for each school in which an insufficiency exists identifying, the percentage of pupils who lack sufficient standards-aligned textbooks or instructional materials in each subject area. The subject areas to be included are all of the following:

(i) The core curriculum areas of reading/language arts, mathematics, science, and history/social science.

(ii) Foreign language and health.

(iii) Science laboratory equipment for grades 9 to 12, inclusive, as appropriate.

(7) The availability of qualified personnel to provide counseling and other pupil support services, including the ratio of academic counselors per pupil.

(8) Availability of qualified substitute teachers.

(9) Safety, cleanliness, and adequacy of school facilities, including any needed maintenance to ensure good repair as specified in Section 17014, Section 17032.5, subdivision (a) of Section 17070.75, and subdivision (b) of Section 17089.

(10) Adequacy of teacher evaluations and opportunities for professional improvement, including the annual number of schooldays dedicated to staff development for the most recent three-year period.

(11) Classroom discipline and climate for learning, including suspension and expulsion rates for the most recent three-year period.

(12) Teacher and staff training, and curriculum improvement programs.

(13) Quality of school instruction and leadership.

(14) The degree to which pupils are prepared to enter the workforce.

(15) The total number of instructional minutes offered in the school year, separately stated for each grade level, as compared to the total number of the instructional minutes per school year required by state law, separately stated for each grade level.

(16) The total number of minimum days, as specified in Sections 46112, 46113, 46117, and 46141, in the school year.

(17) The number of advanced placement courses offered, by subject.

(18) The Academic Performance Index, including the disaggregation of subgroups as set forth in Section 52052 and the decile rankings and a comparison of schools.

(19) Whether a school qualified for the Immediate Intervention Underperforming Schools Program pursuant to Section 52053 and whether the school applied for, and received a grant pursuant to, that program.

(20) Whether the school qualifies for the Governor's Performance Award Program.

(21) When available, the percentage of pupils, including the disaggregation of subgroups, as set forth in Section 52052, completing grade 12 who successfully complete the high school exit examination, as set forth in Sections 60850 and 60851, as compared to the percentage of pupils in the district and statewide completing grade 12 who successfully complete the examination.

(22) Contact information pertaining to any organized opportunities for parental involvement.

(23) For secondary schools, the percentage of graduates who have passed course requirements for entrance to the University of California and the California State University pursuant to Section 51225.3 and the percentage of pupils enrolled in those courses, as reported by the California Basic Education Data System or any successor data system.

(24) Whether the school has a college admissions test preparation course program.

(25) Career-technical education data measures, including all of the following:

(A) A list of programs offered by the school district that pupils at the school may participate in and that are aligned to the model curriculum standards adopted pursuant to Section 51226, and program sequences offered by the school district. The list should identify courses conducted by a regional occupation center or program, and those conducted directly by the school district.

(B) A listing of the primary representative of the career technical advisory committee of the school district and the industries represented.

(C) The number of pupils participating in career technical education.

(D) The percentage of pupils that complete a career technical education program and earn a high school diploma.

(E) The percentage of career technical education courses that are sequenced or articulated between a school and institutions of postsecondary education.

(c) If the Commission on State Mandates finds a school district is eligible for a reimbursement of costs incurred complying with this section, the school district shall be reimbursed only if the information provided in the school accountability report card is accurate, as determined by the annual audit performed pursuant to Section 41020. If the information is determined to be inaccurate, the school district is not ineligible for reimbursement if the information is corrected by May 15.

(d) It is the intent of the Legislature that schools make a concerted effort to notify parents of the purpose of the school accountability report cards, as described in this section, and ensure that all parents receive a copy of the report card; to ensure that the report cards are easy to read and understandable by parents; to ensure that local educational agencies with access to the Internet make available current copies of the report cards through the Internet; and to ensure that administrators and teachers are available to answer any questions regarding the report cards.

SEC. 1.5. Section 33126 of the Education Code is amended to read:

33126. (a) The school accountability report card shall provide data by which a parent can make meaningful comparisons between public

schools that will enable him or her to make informed decisions on which school to enroll his or her children.

(b) The school accountability report card shall include, but is not limited to, assessment of the following school conditions:

(1) (A) Pupil achievement by grade level, as measured by the standardized testing and reporting programs pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33.

(B) Pupil achievement in and progress toward meeting reading, writing, arithmetic, and other academic goals, including results by grade level from the assessment tool used by the school district using percentiles when available for the most recent three-year period.

(C) After the state develops a statewide assessment system pursuant to Chapter 5 (commencing with Section 60600) and Chapter 6 (commencing with Section 60800) of Part 33, pupil achievement by grade level, as measured by the results of the statewide assessment.

(D) Secondary schools with high school seniors shall list both the average verbal and math Scholastic Assessment Test scores to the extent provided to the school and the percentage of seniors taking that exam for the most recent three-year period.

(2) Progress toward reducing dropout rates, including the one-year dropout rate listed in the California Basic Education Data System or any successor data system for the schoolsite over the most recent three-year period, and the graduation rate, as defined by the State Board of Education, over the most recent three-year period when available pursuant to Section 52052.

(3) Estimated expenditures per pupil and types of services funded. The assessment of estimated expenditures per pupil shall reflect the actual salaries of personnel assigned to the schoolsite. The assessment of estimated expenditures per pupil shall be reported in total, shall be reported in subtotal by restricted and by unrestricted source, and shall include a reporting of the average of actual salaries paid to certificated instructional personnel at that schoolsite.

(4) Progress toward reducing class sizes and teaching loads, including the distribution of class sizes at the schoolsite by grade level, the average class size, and, if applicable, the percentage of pupils in kindergarten and grades 1 to 3, inclusive, participating in the Class Size Reduction Program established pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28, using California Basic Education Data System or any successor data system information for the most recent three-year period.

(5) The total number of the school's fully credentialed teachers, the number of teachers relying upon emergency credentials, the number of teachers working without credentials, any assignment of teachers outside their subject areas of competence, misassignments, including

misassignments of teachers of English learners, and the number of vacant teacher positions for the most recent three-year period.

(A) For purposes of this paragraph, "vacant teacher position" means a position to which a single designated certificated employee has not been assigned at the beginning of the year for an entire year or, if the position is for a one-semester course, a position to which a single designated certificated employee has not been assigned at the beginning of a semester for an entire semester.

(B) For purposes of this paragraph, "misassignment" means the placement of a certificated employee in a teaching or services position for which the employee does not hold a legally recognized certificate or credential or the placement of a certificated employee in a teaching or services position that the employee is not otherwise authorized by statute to hold.

(6) (A) Quality and currency of textbooks and other instructional materials, including whether textbooks and other materials meet state standards and are adopted by the State Board of Education for kindergarten and grades 1 to 8, inclusive, and adopted by the governing boards of school districts for grades 9 to 12, inclusive, and the ratio of textbooks per pupil and the year the textbooks were adopted.

(B) The availability of sufficient textbooks and other instructional materials, as defined in Section 60119, for each pupil, including English learners, in each of the areas enumerated in clauses (i) to (iii), inclusive. If the governing board determines, pursuant to Section 60119 that there are insufficient textbooks or instructional materials, or both, it shall include information for each school in which an insufficiency exists, the percentage of pupils who lack sufficient standards-aligned textbooks or instructional materials in each subject area. The subject areas to be included are all of the following:

(i) The core curriculum areas of reading/language arts, mathematics, science, and history/social science.

(ii) Foreign language and health.

(iii) Science laboratory equipment for grades 9 to 12, inclusive, as appropriate.

(7) The availability of qualified personnel to provide counseling and other pupil support services, including the ratio of academic counselors per pupil.

(8) Availability of qualified substitute teachers.

(9) Safety, cleanliness, and adequacy of school facilities, including any needed maintenance to ensure good repair as specified in Section 17014, Section 17032.5, subdivision (a) of Section 17070.75, and subdivision (b) of Section 17089.

(10) Adequacy of teacher evaluations and opportunities for professional improvement, including the annual number of schooldays dedicated to staff development for the most recent three-year period.

(11) Classroom discipline and climate for learning, including suspension and expulsion rates for the most recent three-year period.

(12) Teacher and staff training, and curriculum improvement programs.

(13) Quality of school instruction and leadership.

(14) The degree to which pupils are prepared to enter the workforce.

(15) The total number of instructional minutes offered in the school year, separately stated for each grade level, as compared to the total number of the instructional minutes per school year required by state law, separately stated for each grade level.

(16) The total number of minimum days, as specified in Sections 46112, 46113, 46117, and 46141, in the school year.

(17) The number of advanced placement courses offered, by subject.

(18) The Academic Performance Index, including the disaggregation of subgroups as set forth in Section 52052 and the decile rankings and a comparison of schools.

(19) Whether a school qualified for the Immediate Intervention Underperforming Schools Program pursuant to Section 52053 and whether the school applied for, and received a grant pursuant to, that program.

(20) Whether the school qualifies for the Governor's Performance Award Program.

(21) When available, the percentage of pupils, including the disaggregation of subgroups as set forth in Section 52052, completing grade 12 who successfully complete the high school exit examination, as set forth in Sections 60850 and 60851, as compared to the percentage of pupils in the district and statewide completing grade 12 who successfully complete the examination.

(22) Contact information pertaining to any organized opportunities for parental involvement.

(23) For secondary schools, the percentage of graduates who have passed course requirements for entrance to the University of California and the California State University pursuant to Section 51225.3 and the percentage of pupils enrolled in those courses, as reported by the California Basic Education Data System or any successor data system.

(24) Whether the school has a college admissions test preparation course program.

(25) Career technical education data measures, including all of the following:

(A) A list of programs offered by the school district that pupils at the school may participate in and that are aligned to the model curriculum standards adopted pursuant to Section 51226, and program sequences offered by the school district. The list should identify courses conducted by a regional occupation center or program, and those conducted directly by the school district.

(B) A listing of the primary representative of the career technical advisory committee of the school district and the industries represented.

(C) The number of pupils participating in career technical education.

(D) The percentage of pupils that complete a career technical education program and earn a high school diploma.

(E) The percentage of career technical education courses that are sequenced or articulated between a school and institutions of postsecondary education.

(c) If the Commission on State Mandates finds that a school district is eligible for a reimbursement of costs incurred in complying with this section, the school district shall be reimbursed only if the information provided in the school accountability report card is accurate, as determined by the annual audit performed pursuant to Section 41020. If the information is determined to be inaccurate, the school district is not ineligible for reimbursement if the information is corrected by May 15.

(d) It is the intent of the Legislature that schools make a concerted effort to notify parents of the purpose of the school accountability report cards, as described in this section, and ensure that all parents receive a copy of the report card; to ensure that the report cards are easy to read and understandable by parents; to ensure that local educational agencies with access to the Internet make available current copies of the report cards through the Internet; and to ensure that administrators and teachers are available to answer any questions regarding the report cards.

SEC. 2. The Legislature finds and declares that the changes made to Section 33126 of the Education Code by Section 1 of this act further the purposes of the Classroom Instructional Improvement and Accountability Act.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 33126 of the Education Code proposed by both this bill and SB 687. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 33126 of the Education Code, and (3) this bill is enacted after SB 687, in which case Section 1 of this bill shall not become operative.

SEC. 4. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7

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

CHAPTER 355

An act to amend Section 47660 of, and to add Section 42241.3 to, the Education Code, relating to public education funding.

[Approved by Governor September 28, 2005. Filed with Secretary of State September 28, 2005.]

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

SECTION 1. Section 42241.3 is added to the Education Code, to read:

42241.3. (a) This section shall apply only to the funding generated by the average daily attendance of pupils attending a charter school established prior to July 1, 2005, for which a unified school district is the chartering authority, and only to unified school districts that were governed by Section 47660 as that section read on December 31, 2005.

(b) For the 2005-06 fiscal year only, the revenue limit funding of a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606 and is operating them as charter schools, shall be increased or decreased to reflect half of the difference between the funding provided for the unified school district's revenue limit per unit of average daily attendance as set forth in Section 42238 and the charter school's general-purpose entitlement per unit of average daily attendance as set forth in Section 47633.

SEC. 2. Section 47660 of the Education Code is amended to read:

47660. (a) For purposes of computing eligibility for, and entitlements to, general purpose funding and operational funding for categorical programs, the enrollment and average daily attendance reported by a sponsoring local educational agency shall exclude the enrollment and attendance of pupils in its charter schools funded pursuant to this chapter.

(1) Notwithstanding subdivision (a), and commencing with the 2005-06 fiscal year, for purposes of computing eligibility for, and entitlements to, revenue limit funding, the average daily attendance of a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606, shall include all attendance of pupils who reside in the unified school district and who would otherwise have been eligible to attend a

noncharter school of the school district, if the school district was a basic aid school district in the prior fiscal year, or if the pupils reside in the unified school district and attended a charter school of a school district that converted to charter status on or after to July 1, 2005. Only the attendance of the pupils described by this paragraph shall be included in the calculation made pursuant to paragraph (7) of subdivision (h) of Section 42238.

(2) Notwithstanding subdivision (a), for the 2005-06 fiscal year only, for purposes of computing eligibility for, and entitlements to, revenue limit funding, the average daily attendance of a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606 and is operating them as charter schools, shall include all attendance of pupils who reside in the unified school district and who would otherwise have been eligible to attend a noncharter school of the unified school district if the pupils attended a charter school established in the unified school district prior to July 1, 2005. Only the attendance of pupils described by this paragraph shall be included in the calculation made pursuant to Section 42241.3.

(c) Commencing with the 2005-06 fiscal year, for the attendance of pupils specified in subdivision (b), the general-purpose entitlement for a charter school that is established through the conversion of an existing public school within a unified school district on or after July 1, 2005, shall be determined using the following amount of general-purpose funding per unit of average daily attendance, in lieu of the amount calculated pursuant to subdivision (a) of Section 47633:

(1) The amount of the actual unrestricted revenues expended per unit of average daily attendance for that school in the year prior to its conversion to, and operation as, a charter school, adjusted for the base revenue limit per pupil inflation increase adjustment set forth in Section 42238.1, if this adjustment is provided, and also adjusted for equalization, deficit reduction, and other state general-purpose increases, if any, provided for unified school districts in the year of conversion to and operation as a charter school.

(2) For a subsequent fiscal year, the general-purpose entitlement shall be determined based on the amount per unit of average daily attendance allocated in the prior fiscal year adjusted for the base revenue limit per pupil inflation increase adjustment set forth in Section 42238.1, if this adjustment is provided, and also adjusted for equalization, deficit reduction, and other state general-purpose increases, if any, provided for unified school districts in that fiscal year.

(d) Commencing with the 2005-06 fiscal year, the general-purpose funding per unit of average daily attendance specified for a unified school

district for purposes of paragraph (7) of subdivision (h) of Section 42238 shall be deemed to be the amount computed pursuant to subdivision (c).

(e) A unified school district that is the chartering authority of a charter school that is subject to the provisions of subdivision (c) shall certify to the Superintendent the amount specified in paragraph (1) of subdivision (c) prior to the approval of the charter petition by the governing board of the school district. This amount may be based on estimates of the unrestricted revenues expended in the fiscal year prior to the school's conversion to charter status and the school's operation as a charter school, provided that the amount is recertified when the actual data becomes available.

(f) For the purposes of this section, "basic aid school district" means a school district that does not receive from the state an apportionment of state funds pursuant to subdivision (h) of Section 42238.

(g) A school district may use the existing Standardized Account Code Structure and cost allocation methods, if appropriate, for an accounting of the actual unrestricted revenues expended in support of a school pursuant to subdivision (c).

CHAPTER 356

An act to add and repeal Article 4.8 (commencing with Section 44518) of Chapter 3 of Part 25 of the Education Code, relating to employee training programs, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 28, 2005. Filed with Secretary of State September 28, 2005.]

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

SECTION 1. Article 4.8 (commencing with Section 44518) is added to Chapter 3 of Part 25 of the Education Code, to read:

Article 4.8. Chief Business Officer Training Program

44518. (a) This article shall be known and may be cited as the Chief Business Officer Training Program.

(b) For purposes of this article, "eligible training candidate" means a person who is employed on a full-time basis as a chief business or financial officer by a school district or county office of education, or

who is nominated as a candidate for training by a district or a county office of education.

44518.1. The Chief Business Officer Training Program is hereby created within the department and shall be administered by the Superintendent, with the approval of the State Board of Education.

44518.2. The Superintendent shall award incentive funding to school districts and to county offices of education, upon the appropriation of funds by the Legislature for purposes of this article, to provide eligible training candidates with instruction and training in areas including, but not limited to, all of the following:

(a) School finance, including revenue projection, cashflow management, budget development, financial reporting, monitoring controls, and average daily attendance projections and accounting.

(b) School operations, including matters relating to facilities, maintenance, transportation, food services, collective bargaining, risk management, and purchasing.

(c) Leadership, including organizational dynamics, communication, facilitation, and presentation.

44518.3. (a) In order to qualify for and to receive incentive funding for purposes of this article, a school district or county office of education shall submit to the department an application to participate in the Chief Business Officer Training Program.

(b) The application shall include a provision of assurance by the school district or county office of education that any eligible training candidate who participates in the program has committed to provide no less than two years of continuous service to a state public school following completion of the training.

(c) The application shall identify the state-qualified training provider approved pursuant to Section 44518.5 that will provide the training.

(d) The State Board of Education shall approve or disapprove applications submitted pursuant to subdivision (a).

44518.4. A school district or county office of education that receives funding pursuant to this article shall use a state-qualified training provider that has been approved by the State Board of Education.

44518.5. (a) By September 15, 2005, the State Board of Education shall commence the process of developing rigorous criteria for the approval of state-qualified training providers. The state board shall develop the criteria in consultation with the Fiscal Crisis and Management Assistance Team, the department, and, at the discretion of the state board, any other individual or group with expertise in the areas set forth in subdivisions (a) to (c), inclusive, of Section 44518.2.

(b) The State Board of Education shall establish an application process by which public agencies and private organizations may submit proposals

to become state-qualified training providers. The process that shall include, but not be limited to, a demonstration that the agency or organization is able to deliver a training program that meets the criteria developed pursuant to subdivision (a).

(c) The State Board of Education shall approve or disapprove applications submitted pursuant to subdivision (b).

44518.6. A training program offered pursuant to this article shall be conducted for no fewer than 200 hours, a minimum of 40 hours of which shall involve intensive individualized support and professional development in the areas specified in subdivisions (a) to (c), inclusive, of Section 44518.2. The 40 hours of intensive individualized support and professional development shall be completed within a period of up to two years after the date the training commences.

44518.7. Funding provided pursuant to this article is intended to serve 350 eligible training candidates per fiscal year. Priority for enrollment shall be given to eligible training candidates from districts that are currently operating with a state-appointed administrator or trustee, or from districts that have received a negative or qualified budget certification within the past five fiscal years.

44518.8. (a) Funding allocated for purposes of this article shall equal three thousand dollars ($3,000) per eligible training candidate. This funding shall be allocated to a qualified school district or county office of education as follows:

(1) Fifty percent of the authorized funding shall be provided no later than 45 days after the approval of the application.

(2) Fifty percent of the authorized funding shall be provided upon verification of the successful completion of training by the approved candidates.

(b) If it is determined pursuant to an audit that a participating school district or county office of education did not provide training as described in Sections 44518.2 and 44518.7 to an eligible training candidate for whom it received funding, the Superintendent shall withhold from the next principal apportionment to the school district or county office of education the sum of three thousand dollars ($3,000) or the amount actually received, whichever is less, for each eligible training candidate who did not receive the training.

(c) The State Board of Education shall establish a procedure and criteria for school districts and county offices of education to appeal to the board the finding of an audit pursuant to this article. The state board may reduce or eliminate the amount to be withheld pursuant to subdivision (b) based on that appeal.

44519. By July 1, 2007, the department shall develop, subject to review and approval by the State Board of Education, an interim report

for submission to the Legislature regarding the status of the program established pursuant to this article. The state board shall submit the interim report to the Legislature no later than September 30, 2007. The interim report shall, at a minimum, include detailed information as to all of the following:

(a) The number of eligible training candidates who received training offered pursuant to this article.

(b) The entities that received funds for the purpose of offering training pursuant to this article, and the number of eligible training candidates that each entity trained.

(c) The number of eligible training candidates that participated in training pursuant to this article who were employed as a chief business or financial officer in a school district or county office of education and the number of those candidates who were not employed as a chief business or financial officer in a school district or county office of education.

(d) Data regarding the budget certification status of each school district and county office of education participating in the program, and identification of each school district and county office of education with negative or qualified budget certifications that did not receive training.

(e) Information detailing the employment and retention status of eligible training candidates who participated in training pursuant to this article.

(f) Identification of the core competencies that should, at a minimum, be included as part of a state-administered chief business officer certification.

44519.1. By June 30, 2008, the department shall develop, subject to review and approval by the State Board of Education, a final report for submission to the Legislature regarding the program established pursuant to this article. The state board shall submit the final report to the Legislature no later than August 31, 2008. The final report shall, at a minimum, include detailed information as to all of the following:

(a) The number of eligible training candidates who received training offered pursuant to this article.

(b) The entities that received funds for the purpose of offering training pursuant to this article and the number of eligible training candidates that each trained.

(c) Data regarding the budget certification status for each school district and county office of education whose eligible training candidate attended the training, and identification of each school district and county office of education with negative or qualified budget certifications whose eligible training candidate did not receive the training.

(d) Survey data concerning program effectiveness that has been gathered from program participants.

(e) Information detailing the employment and retention status of eligible training candidates who participated in training offered pursuant to this article.

44519.2. This article shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute that becomes operative on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that those responsible for the business and financial matters of school districts or county offices of education are properly trained and qualified at the earliest possible time, and that rigorous criteria for the approval of state-qualified training providers are established at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 357

An act to amend Sections 1241.5, 42127.8, and 47604.4 of the Education Code, relating to charter schools.

[Approved by Governor September 28, 2005. Filed with Secretary of State September 28, 2005.]

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

SECTION 1. Section 1241.5 of the Education Code is amended to read:

1241.5. (a) At any time during a fiscal year, the county superintendent may audit the expenditures and internal controls of school districts he or she determines to be fiscally accountable, and shall conduct this audit in a timely and efficient manner. The county superintendent shall report the findings and recommendation to the governing board of the district within 45 days of completing the audit. The governing board shall, no later than 15 days after receipt of the report, notify the county superintendent of schools of its proposed actions on the county superintendent's recommendation. Upon review of the governing board report, the county superintendent, at his or her discretion, may revoke

the authority for the district to be fiscally accountable pursuant to Section 42650.

(b) At any time during a fiscal year, the county superintendent may review or audit the expenditures and internal controls of any school district in his or her county if he or she has reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The review or audit conducted by the county superintendent shall be focused on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and shall be conducted in a timely and efficient manner. The county superintendent shall report the findings and recommendations to the governing board of the school district at a regularly scheduled school district board meeting within 45 days of completing the review, audit, or examination. The governing board of the school district shall, no later than 15 calendar days after receipt of the report, notify the county superintendent of its proposed actions on the county superintendent's recommendations. Upon review of the school district governing board report, the county superintendent, at his or her discretion, and consistent with law, may disapprove an order for payment of funds consistent with Section 42638.

(c) At any time during a fiscal year, the county superintendent may review or audit the expenditures and internal controls of any charter school in his or her county if he or she has reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The review or audit conducted by the county superintendent shall be focused on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and shall be conducted in a timely and efficient manner. The county superintendent shall report the findings and recommendations to the governing board of the charter school at a regularly scheduled meeting, and provide a copy of the information to the chartering authority of the charter school, within 45 days of completing the review, audit, or examination. The governing board of the charter school shall, no later than 15 calendar days after receipt of the report, notify the county superintendent and its chartering authority of its proposed response to the recommendations.

SEC. 2. Section 42127.8 of the Education Code is amended to read:

42127.8. (a) The governing board provided for in subdivision (b) shall establish a unit to be known as the County Office Fiscal Crisis and Management Assistance Team. The team shall consist of persons having extensive experience in school district budgeting, accounting, data processing, telecommunications, risk management, food services, pupil transportation, purchasing and warehousing, facilities maintenance and operation, and personnel administration, organization, and staffing. The Superintendent may appoint one employee of the department to serve

on the unit. The unit shall be operated under the immediate direction of an appropriate county office of education selected jointly, in response to an application process, by the Superintendent and the Secretary for Education.

(b) The unit established under subdivision (a) shall be selected and governed by a 23-member governing board consisting of one representative chosen by the California County Superintendents Educational Services Association from each of the 11 county service regions designated by the association, 11 superintendents of school districts chosen by the Association of California School Administrators from each of the 11 county service regions, and one representative from the State Department of Education chosen by the Superintendent of Public Instruction. The governing board of the County Office Fiscal Crisis and Management Assistance Team shall select a county superintendent of schools to chair the unit.

(c) (1) The Superintendent may request the unit to provide the assistance described in subdivision (b) of Section 1624, Section 1630, Section 33132, subdivision (b) of Section 42127.3, subdivision (c) of Section 42127.6, Section 42127.9, and subdivision (a) of Section 42238.2, and to review the fiscal and administrative condition of any county office of education, school district, or charter school.

(2) A county superintendent of schools may request the unit to review the fiscal or administrative condition of a school district or charter school under his or her jurisdiction.

(d) In addition to the functions described in subdivision (c), the unit shall do all of the following:

(1) Provide fiscal management assistance, at the request of any school district, charter school, or county office of education. Each school district, charter school, or county office of education receiving that assistance shall be required to pay the onsite personnel costs and travel costs incurred by the unit for that purpose, pursuant to rates determined by the governing board established under subdivision (b). The governing board annually shall distribute rate information to each school district, charter school, and county office of education.

(2) Facilitate training for members of the governing board of the school district, district and county superintendents, chief financial officers within the district, and schoolsite personnel whose primary responsibility is to address fiscal issues. Training services shall emphasize efforts to improve fiscal accountability and expand the fiscal competency of local agencies. The unit shall use state professional associations, private organizations, and public agencies to provide guidance, support, and the delivery of any training services.

(3) Facilitate fiscal management training through the 10 county service regions to county office of education staff to ensure that they develop the technical skills necessary to perform their fiduciary duty. The governing board established pursuant to subdivision (b) shall determine the extent of the training that is necessary to comply with this paragraph.

(4) Produce a training calendar, to be disseminated semiannually to each county service region, that publicizes all of the fiscal training services that are being offered at the local, regional, and state levels.

(e) The governing board shall reserve not less than 25 percent, nor more than 50 percent, of its revenues each year for expenditure for the costs of contracts and professional services as management assistance to school districts, charter schools, or county superintendents of schools in which the board determines that a fiscal emergency exists.

(f) The governing board established under subdivision (b) may levy an annual assessment against each county office of education that elects to participate under this section in an amount not to exceed twenty cents ($0.20) per unit of total average daily attendance for all school districts within the county. The revenues collected pursuant to that assessment shall be applied to the expenses of the unit.

(g) The governing board established under subdivision (b) may pay to the department, from any available funds, a reasonable amount to reimburse the department for actual administrative expenses incurred in the review of the budgets and fiscal conditions of school districts, charter schools, and county superintendents of schools.

(h) When employed as a fiscal adviser by the department pursuant to Section 1630, employees of the unit established pursuant to subdivision (a) shall be considered employees of the department for purposes of errors and omissions liability insurance.

(i) (1) The unit shall request and review applications to establish regional teams of education finance experts throughout the state.

(2) To the extent that funding is provided for purposes of this subdivision in the annual Budget Act or through another appropriation, regional teams selected by the Superintendent, in consultation with the unit, shall provide training and technical expertise to school districts, charter schools, and county offices of education facing fiscal difficulties.

(3) The regional teams shall follow the standards and guidelines of and remain under the general supervision of the governing board established under subdivision (b).

(4) It is the intent of the Legislature that, to the extent possible, the regional teams be distributed geographically throughout the various regions of the state in order to provide timely, cost-effective expertise to school districts, charter schools, and county offices of education throughout the state.

SEC. 2.5. Section 42127.8 of the Education Code is amended to read:

42127.8. (a) The governing board provided for in subdivision (b) shall establish a unit to be known as the County Office Fiscal Crisis and Management Assistance Team. The team shall consist of persons having extensive experience in school district budgeting, accounting, data processing, telecommunications, risk management, food services, pupil transportation, purchasing and warehousing, facilities maintenance and operation, and personnel administration, organization, and staffing. The Superintendent may appoint one employee of the department to serve on the unit. The unit shall be operated under the immediate direction of an appropriate county office of education selected jointly, in response to an application process, by the Superintendent and the Secretary for Education.

(b) The unit established under subdivision (a) shall be selected and governed by a 25-member governing board consisting of one representative chosen by the California County Superintendents Educational Services Association from each of the 11 county service regions designated by the association, 11 superintendents of school districts chosen by the Association of California School Administrators from each of the 11 county service regions, one representative from the State Department of Education chosen by the Superintendent of Public Instruction, the Chancellor of the California Community Colleges or his or her designee, and one member of a community college district governing board chosen by the chancellor. The governing board of the County Office Fiscal Crisis and Management Assistance Team shall select a county superintendent of schools to chair the unit.

(c) (1) The Superintendent may request the unit to provide the assistance described in subdivision (b) of Section 1624, Section 1630, Section 33132, subdivision (b) of Section 42127.3, subdivision (c) of Section 42127.6, Section 42127.9, and subdivision (a) of Section 42238.2, and to review the fiscal and administrative condition of any county office of education, school district, or charter school.

(2) A county superintendent of schools may request the unit to review the fiscal or administrative condition of a school district or charter school under his or her jurisdiction.

(3) The Board of Governors of the California Community Colleges may request the unit to provide the assistance described in Section 84041.

(d) In addition to the functions described in subdivision (c), the unit shall do all of the following:

(1) Provide fiscal management assistance, at the request of any school district, charter school, or county office of education, or, pursuant to subdivision (g) of Section 84041, at the request of any community college district. Each school district, charter school, or county office of education

receiving that assistance shall be required to pay the onsite personnel costs and travel costs incurred by the unit for that purpose, pursuant to rates determined by the governing board established under subdivision (b). The governing board annually shall distribute rate information to each school district, charter school, and county office of education.

(2) Facilitate training for members of the governing board of the school district, district and county superintendents, chief financial officers within the district, and schoolsite personnel whose primary responsibility is to address fiscal issues. Training services shall emphasize efforts to improve fiscal accountability and expand the fiscal competency of local agencies. The unit shall use state professional associations, private organizations, and public agencies to provide guidance, support, and the delivery of any training services.

(3) Facilitate fiscal management training through the 11 county service regions to county office of education staff to ensure that they develop the technical skills necessary to perform their fiduciary. The governing board established pursuant to subdivision (b) shall determine the extent of the training that is necessary to comply with this paragraph.

(4) Produce a training calendar, to be disseminated semiannually to each county service region, that publicizes all of the fiscal training services that are being offered at the local, regional, and state levels.

(e) The governing board shall reserve not less than 25 percent, nor more than 50 percent, of its revenues each year for expenditure for the costs of contracts and professional services as management assistance to school districts or county superintendents of schools in which the board determines that a fiscal emergency exists.

(f) The governing board established under subdivision (b) may levy an annual assessment against each county office of education that elects to participate under this section in an amount not to exceed twenty cents ($0.20) per unit of total average daily attendance for all school districts within the county. The revenues collected pursuant to that assessment shall be applied to the expenses of the unit.

(g) The governing board established under subdivision (b) may pay to the department, from any available funds, a reasonable amount to reimburse the department for actual administrative expenses incurred in the review of the budgets and fiscal conditions of school districts, charter schools, and county superintendents of schools.

(h) When employed as a fiscal adviser by the department pursuant to Section 1630, employees of the unit established pursuant to subdivision (a) shall be considered employees of the department for purposes of errors and omissions liability insurance.

(i) (1) The unit shall request and review applications to establish regional teams of education finance experts throughout the state.

(2) To the extent that funding is provided for purposes of this subdivision in the annual Budget Act or through another appropriation, regional teams selected by the Superintendent, in consultation with the unit, shall provide training and technical expertise to school districts, charter schools, and county offices of education facing fiscal difficulties.

(3) The regional teams shall follow the standards and guidelines of and remain under the general supervision of the governing board established under subdivision (b).

(4) It is the intent of the Legislature that, to the extent possible, the regional teams be distributed geographically throughout the various regions of the state in order to provide timely, cost-effective expertise to school districts, charter schools, county offices of education, and community college districts throughout the state.

SEC. 3. Section 47604.4 of the Education Code is amended to read:

47604.4. (a) In addition to the authority granted by Sections 1241.5 and 47604.3, a county superintendent of schools may, based upon written complaints by parents or other information that justifies the investigation, monitor the operations of a charter school located within that county and conduct an investigation into the operations of that charter school. If a county superintendent of schools monitors or investigates a charter school pursuant to this section, the county office of education shall not incur any liability beyond the cost of the investigation.

(b) A charter school shall notify the county superintendent of schools of the county in which it is located of the location of the charter school, including the location of each site, if applicable, prior to commencing operations.

SEC. 4. Section 2.5 of this bill incorporates amendments to Section 42127.8 of the Education Code proposed by both this bill and AB 1366. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 42127.8 of the Education Code, and (3) this bill is enacted after AB 1366, in which case Section 2 of this bill shall not become operative.

CHAPTER 358

An act to amend Section 33126 of, and to add Section 33126.15 to, the Education Code, relating to school accountability.

[Approved by Governor September 28, 2005. Filed with Secretary of State September 28, 2005.]

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

SECTION 1. Section 33126 of the Education Code is amended to read:

33126. (a) The school accountability report card shall provide data by which a parent can make meaningful comparisons between public schools that will enable him or her to make informed decisions on which school to enroll his or her children.

(b) The school accountability report card shall include, but is not limited to, assessment of the following school conditions:

(1) (A) Pupil achievement by grade level, as measured by the standardized testing and reporting programs pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33.

(B) Pupil achievement in and progress toward meeting reading, writing, arithmetic, and other academic goals, including results by grade level from the assessment tool used by the school district using percentiles when available for the most recent three-year period.

(C) After the state develops a statewide assessment system pursuant to Chapter 5 (commencing with Section 60600) and Chapter 6 (commencing with Section 60800) of Part 33, pupil achievement by grade level, as measured by the results of the statewide assessment.

(D) Secondary schools with high school seniors shall list both the average verbal and math Scholastic Assessment Test scores to the extent provided to the school and the percentage of seniors taking that exam for the most recent three-year period.

(2) Progress toward reducing dropout rates, including the one-year dropout rate listed in the California Basic Education Data System or any successor data system for the schoolsite over the most recent three-year period, and the graduation rate, as defined by the State Board of Education, over the most recent three-year period when available pursuant to Section 52052.

(3) Estimated expenditures per pupil and types of services funded. The assessment of estimated expenditures per pupil shall reflect the actual salaries of personnel assigned to the schoolsite. The assessment of estimated expenditures per pupil shall be reported in total, shall be reported in subtotal by restricted and by unrestricted source, and shall include a reporting of the average of actual salaries paid to certificated instructional personnel at that schoolsite.

(4) Progress toward reducing class sizes and teaching loads, including the distribution of class sizes at the schoolsite by grade level, the average class size, and, if applicable, the percentage of pupils in kindergarten and grades 1 to 3, inclusive, participating in the Class Size Reduction Program established pursuant to Chapter 6.10 (commencing with Section

52120) of Part 28, using California Basic Education Data System or any successor data system information for the most recent three-year period.

(5) The total number of the school's fully credentialed teachers, the number of teachers relying upon emergency credentials, the number of teachers working without credentials, any assignment of teachers outside their subject areas of competence, misassignments, including misassignments of teachers of English learners, and the number of vacant teacher positions for the most recent three-year period.

(A) For purposes of this paragraph, "vacant teacher position" means a position to which a single designated certificated employee has not been assigned at the beginning of the year for an entire year or, if the position is for a one-semester course, a position of which a single designated certificated employee has not been assigned at the beginning of a semester for an entire semester.

(B) For purposes of this paragraph, "misassignment" means the placement of a certificated employee in a teaching or services position for which the employee does not hold a legally recognized certificate or credential or the placement of a certificated employee in a teaching or services position that the employee is not otherwise authorized by statute to hold.

(6) (A) Quality and currency of textbooks and other instructional materials, including whether textbooks and other materials meet state standards and are adopted by the State Board of Education for kindergarten and grades 1 to 8, inclusive, and adopted by the governing boards of school districts for grades 9 to 12, inclusive, and the ratio of textbooks per pupil and the year the textbooks were adopted.

(B) The availability of sufficient textbooks and other instructional materials, as defined in Section 60119, for each pupil, including English learners, in each of the following areas:

(i) The core curriculum areas of reading/language arts, mathematics, science, and history/social science.

(ii) Foreign language and health.

(iii) Science laboratory equipment for grades 9 to 12, inclusive, as appropriate.

(7) The availability of qualified personnel to provide counseling and other pupil support services, including the ratio of academic counselors per pupil.

(8) Availability of qualified substitute teachers.

(9) Safety, cleanliness, and adequacy of school facilities, including any needed maintenance to ensure good repair as specified in Section 17014, Section 17032.5, subdivision (a) of Section 17070.75, and subdivision (b) of Section 17089.

(10) Adequacy of teacher evaluations and opportunities for professional improvement, including the annual number of schooldays dedicated to staff development for the most recent three-year period.

(11) Classroom discipline and climate for learning, including suspension and expulsion rates for the most recent three-year period.

(12) Teacher and staff training, and curriculum improvement programs.

(13) Quality of school instruction and leadership.

(14) The degree to which pupils are prepared to enter the workforce.

(15) The total number of instructional minutes offered in the school year, separately stated for each grade level, as compared to the total number of the instructional minutes per school year required by state law, separately stated for each grade level.

(16) The total number of minimum days, as specified in Sections 46112, 46113, 46117, and 46141, in the school year.

(17) The number of advanced placement courses offered, by subject.

(18) The Academic Performance Index, including the disaggregation of subgroups as set forth in Section 52052 and the decile rankings and a comparison of schools.

(19) Whether a school qualified for the Immediate Intervention Underperforming Schools Program pursuant to Section 52053 and whether the school applied for, and received a grant pursuant to, that program.

(20) Whether the school qualifies for the Governor's Performance Award Program.

(21) When available, the percentage of pupils, including the disaggregation of subgroups as set forth in Section 52052, completing grade 12 who successfully complete the high school exit examination, as set forth in Sections 60850 and 60851, as compared to the percentage of pupils in the district and statewide completing grade 12 who successfully complete the examination.

(22) Contact information pertaining to any organized opportunities for parental involvement.

(23) For secondary schools, the percentage of graduates who have passed course requirements for entrance to the University of California and the California State University pursuant to Section 51225.3 and the percentage of pupils enrolled in those courses, as reported by the California Basic Education Data System or any successor data system.

(24) Whether the school has a college admissions test preparation course program.

(25) When available from the department, the claiming rate of pupils who earned a Governor's Scholarship Award pursuant to subdivision

(a) of Section 69997 for the most recent two-year period. This paragraph applies only to schools that enroll pupils in grade 9, 10, or 11.

(c) If the Commission on State Mandates finds a school district is eligible for a reimbursement of costs incurred complying with this section, the school district shall be reimbursed only if the information provided in the school accountability report card is accurate, as determined by the annual audit performed pursuant to Section 41020. If the information is determined to be inaccurate, the school district is not ineligible for reimbursement if the information is corrected by May 15.

(d) It is the intent of the Legislature that schools make a concerted effort to notify parents of the purpose of the school accountability report cards, as described in this section, and ensure that all parents receive a copy of the report card; to ensure that the report cards are easy to read and understandable by parents; to ensure that local educational agencies with access to the Internet make available current copies of the report cards through the Internet; and to ensure that administrators and teachers are available to answer any questions regarding the report cards.

SEC. 1.5. Section 33126 of the Education Code is amended to read:

33126. (a) The school accountability report card shall provide data by which a parent can make meaningful comparisons between public schools that will enable him or her to make informed decisions on which school to enroll his or her children.

(b) The school accountability report card shall include, but is not limited to, assessment of the following school conditions:

(1) (A) Pupil achievement by grade level, as measured by the standardized testing and reporting programs pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33.

(B) Pupil achievement in and progress toward meeting reading, writing, arithmetic, and other academic goals, including results by grade level from the assessment tool used by the school district using percentiles when available for the most recent three-year period.

(C) After the state develops a statewide assessment system pursuant to Chapter 5 (commencing with Section 60600) and Chapter 6 (commencing with Section 60800) of Part 33, pupil achievement by grade level, as measured by the results of the statewide assessment.

(D) Secondary schools with high school seniors shall list both the average verbal and math Scholastic Assessment Test scores to the extent provided to the school and the percentage of seniors taking that exam for the most recent three-year period.

(2) Progress toward reducing dropout rates, including the one-year dropout rate listed in the California Basic Education Data System or any successor data system for the schoolsite over the most recent three-year period, and the graduation rate, as defined by the State Board of

Education, over the most recent three-year period when available pursuant to Section 52052.

(3) Estimated expenditures per pupil and types of services funded. The assessment of estimated expenditures per pupil shall reflect the actual salaries of personnel assigned to the schoolsite. The assessment of estimated expenditures per pupil shall be reported in total, shall be reported in subtotal by restricted and by unrestricted source, and shall include a reporting of the average of actual salaries paid to certificated instructional personnel at that schoolsite.

(4) Progress toward reducing class sizes and teaching loads, including the distribution of class sizes at the schoolsite by grade level, the average class size, and, if applicable, the percentage of pupils in kindergarten and grades 1 to 3, inclusive, participating in the Class Size Reduction Program established pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28, using California Basic Education Data System or any successor data system information for the most recent three-year period.

(5) The total number of the school's fully credentialed teachers, the number of teachers relying upon emergency credentials, the number of teachers working without credentials, any assignment of teachers outside their subject areas of competence, misassignments, including misassignments of teachers of English learners, and the number of vacant teacher positions for the most recent three-year period.

(A) For purposes of this paragraph, "vacant teacher position" means a position to which a single-designated certificated employee has not been assigned at the beginning of the year for an entire year or, if the position is for a one-semester course, a position of which a single-designated certificated employee has not been assigned at the beginning of a semester for an entire semester.

(B) For purposes of this paragraph, "misassignment" means the placement of a certificated employee in a teaching or services position for which the employee does not hold a legally recognized certificate or credential or the placement of a certificated employee in a teaching or services position that the employee is not otherwise authorized by statute to hold.

(6) (A) Quality and currency of textbooks and other instructional materials, including whether textbooks and other materials meet state standards and are adopted by the State Board of Education for kindergarten and grades 1 to 8, inclusive, and adopted by the governing boards of school districts for grades 9 to 12, inclusive, and the ratio of textbooks per pupil and the year the textbooks were adopted.

(B) The availability of sufficient textbooks and other instructional materials, as defined in Section 60119, for each pupil, including English learners, in each of areas enumerated in clauses (i) to (iii), inclusive. If

the governing board determines, pursuant to Section 60119 that there are insufficient textbooks or instructional materials, or both, it shall include information for each school in which an insufficiency exists, identifying the percentage of pupils who lack sufficient standards-aligned textbooks or instructional materials in each subject area. The subject areas to be included are all of the following:

(i) The core curriculum areas of reading/language arts, mathematics, science, and history/social science.

(ii) Foreign language and health.

(iii) Science laboratory equipment for grades 9 to 12, inclusive, as appropriate.

(7) The availability of qualified personnel to provide counseling and other pupil support services, including the ratio of academic counselors per pupil.

(8) Availability of qualified substitute teachers.

(9) Safety, cleanliness, and adequacy of school facilities, including any needed maintenance to ensure good repair as specified in Section 17014, Section 17032.5, subdivision (a) of Section 17070.75, and subdivision (b) of Section 17089.

(10) Adequacy of teacher evaluations and opportunities for professional improvement, including the annual number of schooldays dedicated to staff development for the most recent three-year period.

(11) Classroom discipline and climate for learning, including suspension and expulsion rates for the most recent three-year period.

(12) Teacher and staff training, and curriculum improvement programs.

(13) Quality of school instruction and leadership.

(14) The degree to which pupils are prepared to enter the workforce.

(15) The total number of instructional minutes offered in the school year, separately stated for each grade level, as compared to the total number of the instructional minutes per school year required by state law, separately stated for each grade level.

(16) The total number of minimum days, as specified in Sections 46112, 46113, 46117, and 46141, in the school year.

(17) The number of advanced placement courses offered, by subject.

(18) The Academic Performance Index, including the disaggregation of subgroups as set forth in Section 52052 and the decile rankings and a comparison of schools.

(19) Whether a school qualified for the Immediate Intervention Underperforming Schools Program pursuant to Section 52053 and whether the school applied for, and received a grant pursuant to, that program.

(20) Whether the school qualifies for the Governor's Performance Award Program.

(21) When available, the percentage of pupils, including the disaggregation of subgroups, as set forth in Section 52052, completing grade 12 who successfully complete the high school exit examination, as set forth in Sections 60850 and 60851, as compared to the percentage of pupils in the district and statewide completing grade 12 who successfully complete the examination.

(22) Contact information pertaining to any organized opportunities for parental involvement.

(23) For secondary schools, the percentage of graduates who have passed course requirements for entrance to the University of California and the California State University pursuant to Section 51225.3 and the percentage of pupils enrolled in those courses, as reported by the California Basic Education Data System or any successor data system.

(24) Whether the school has a college admissions test preparation course program.

(25) Career technical education data measures, including all of the following:

(A) A list of programs offered by the school district that pupils at the school may participate in and that are aligned to the model curriculum standards adopted pursuant to Section 51226, and program sequences offered by the school district. The list should identify courses conducted by a regional occupation center or program, and those conducted directly by the school district.

(B) A listing of the primary representative of the career technical advisory committee of the school district and the industries represented.

(C) The number of pupils participating in career technical education.

(D) The percentage of pupils that complete a career technical education program and earn a high school diploma.

(E) The percentage of career technical education courses that are sequenced or articulated between a school and institutions of postsecondary education.

(c) If the Commission on State Mandates finds a school district is eligible for a reimbursement of costs incurred complying with this section, the school district shall be reimbursed only if the information provided in the school accountability report card is accurate, as determined by the annual audit performed pursuant to Section 41020. If the information is determined to be inaccurate, the school district is not ineligible for reimbursement if the information is corrected by May 15.

(d) It is the intent of the Legislature that schools make a concerted effort to notify parents of the purpose of the school accountability report cards, as described in this section, and ensure that all parents receive a

copy of the report card; to ensure that the report cards are easy to read and understandable by parents; to ensure that local educational agencies with access to the Internet make available current copies of the report cards through the Internet; and to ensure that administrators and teachers are available to answer any questions regarding the report cards.

SEC. 2. Section 33126.15 is added to the Education Code, to read:

33126.15. (a) By July 1, 2006, the department shall develop, and shall recommend for adoption by the State Board of Education, a revision to the standardized template required pursuant to Section 33126.1.

(b) The revision to the standardized template recommended by the department shall include a comparison of the actual unrestricted funding per pupil allocated for the specific benefit of the school or for the benefit of all schools in the district equally, compared to the districtwide average and to the state average of the same computation. The comparison shall include the percentage by which the school is above or below the districtwide average and the state average.

(c) The revision to the standardized template recommended by the department shall include a field for reporting the actual restricted funding, per pupil, allocated for the specific benefit of the school or for the benefit of all schools in the district equally.

(d) The revision to the standardized template recommended by the department shall include a comparison of the average of actual salaries paid to certificated instructional personnel, compared to the districtwide average and to the state average of the same computation. This comparison shall include the percentage by which the school is above or below the districtwide average and the state average.

SEC. 3. The Legislature finds and declares that Sections 1 and 2 of this act further the purposes of the Classroom Instructional Improvement and Accountability Act.

SEC. 4. Section 1.5 of this bill incorporates amendments to Section 33126 of the Education Code proposed by both this bill and AB 1609. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 33126 of the Education Code, and (3) this bill is enacted after AB 1609, in which case Section 1 of this bill shall not become operative.

SEC. 5. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 359

An act to amend Sections 41540, and 47634.3 of, to amend and repeal Section 47634 of, to amend, repeal, and add Section 47636 of, to add Sections 47634.1 and 47634.4 to, and to repeal Section 47634.5 of, the Education Code, and to amend Item 6110-211-0001 of Section 2.00 of Chapter 38 of the Statutes of 2005, relating to charter schools, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 28, 2005. Filed with Secretary of State September 28, 2005.]

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

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

(1) This act establishes a categorical block grant for charter schools for the purpose of providing charter schools with operational funding in addition to the charter school general-purpose entitlement.

(2) The categorical block grant established by this act, when added to other funding received by charter schools or for which charter schools are eligible, is intended to substantially equalize total funding for charter schools that would otherwise be available to similar school districts serving similar pupil populations, and, therefore, is consistent with the intent of Section 47630 of the Education Code.

(3) It may be appropriate for charter schools to receive other resources made available to meet the special needs of pupils, schools, or school districts.

(4) The act revises the existing categorical block grant for charter schools by simplifying the calculation of the block grant, which provides in-lieu funding for a broad array of uses that are supported by categorical programs available to noncharter schools.

(b) It is the intent of the Legislature in enacting this act to do all of the following:

(1) Annually increase Budget Act appropriations so that the increased categorical block grant amount resulting from the provisions of this act is phased-in over a two-year period.

(2) Annually adjust the categorical block grant appropriation for inflation and changes in the average daily attendance and counts of educationally disadvantaged pupils in charter schools.

(3) Triennially review, commencing with appropriations proposed for the 2008–09 fiscal year, the appropriateness of the level of funding provided by the categorical block grant established by this act and

consider the addition of new programs established after the effective date of this act.

(4) Review the allocation of in-lieu funding to charter schools serving pupils who are English learners or from low-income families, or both, to simplify the annual computation and allocation of funding on behalf of those pupils, assure comparability with resources available to noncharter schools, and allow charter schools to effectively provide for the needs of those pupils.

SEC. 2. Section 41540 of the Education Code is amended to read:

41540. (a) There is hereby established the targeted instructional improvement block grant. Commencing with the 2005–06 fiscal year, the Superintendent shall apportion block grant funds to a school district in the same relative statewide proportion that the school district received in the 2003–04 fiscal year for the programs listed in Section 41541.

(b) If a school district is not in violation of a court order regarding desegregation, the school district may expend funds received pursuant to this article for any purpose authorized by the programs listed in Section 41541 as the statutes governing those programs read on January 1, 2004.

(c) For purposes of this article, "school district" includes a county office of education if county offices of education are eligible to receive funds for the programs that are listed in Section 41541. The block grant of a county office of education shall be based only on those programs for which it was eligible to receive funds in the 2003–04 fiscal year.

(d) A school that received funding in the 2000–01 fiscal year, or any fiscal year thereafter, from a desegregation program or a targeted instructional improvement grant program pursuant to Chapter 2.5 (commencing with Section 54200) of Part 29, that was allocated by a school district as part of a court-ordered desegregation program before the school converted to a charter school, shall continue to receive its proportionate share of funding from the school district through the block grant established pursuant to this section if all of the following conditions are met:

(1) The charter school continues to serve the same general population.

(2) The charter school implements the intended goals of the court order.

(3) The court order remains in effect.

SEC. 3. Section 47634 of the Education Code is amended to read:

47634. The Superintendent shall annually compute a categorical block grant amount for each charter school as follows:

(a) The Superintendent shall compute, as of June 30, 1999, the estimated statewide average amount of funding for other state categorical aid per unit of average daily attendance received by school districts in 1998–99, for each of four grade level ranges: kindergarten and grades

1, 2, and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12, inclusive. For purposes of this computation, other state categorical aid is limited to the following programs:

(1) The Agricultural Vocational Education Incentive Program, as set forth in Article 7.5 (commencing with Section 52460) of Chapter 9 of Part 28.

(2) Apprentice education established pursuant to Article 8 (commencing with Section 8150) of Chapter 1 of Part 6.

(3) 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.

(4) College preparation programs as set forth in Chapter 8 (commencing with Section 60830) of Part 33, the Academic Improvement and Achievement Act as set forth in Chapter 12 (commencing with Section 11020) of Part 7, and the advanced placement program as set forth in Chapter 8.3 (commencing with Section 52240) of Part 28.

(5) Community day schools as set forth in Article 3 (commencing with Section 48660) of Chapter 4 of Part 27.

(6) The Instructional Time and Staff Development Reform Program, as set forth in Article 7.5 (commencing with Section 44579) of Chapter 3 of Part 25.

(7) The School-Based Pupil Motivation and Maintenance Program and Dropout Recovery Act, as set forth in Article 7 (commencing with Section 54720) of Chapter 9 of Part 29.

(8) The Early Intervention for School Success Program, as set forth in Article 4.5 (commencing with Section 54685) of Chapter 9 of Part 29.

(9) Education Technology pursuant to Article 15 (commencing with Section 51870.5) of Chapter 5 of Part 28.

(10) Foster youth programs pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24.

(11) Gifted and talented pupil programs pursuant to Chapter 8 (commencing with Section 52200) of Part 28.

(12) The Healthy Start Support Services for Children Act, as set forth in Chapter 5 (commencing with Section 8800) of Part 6.

(13) High-Risk First-Time Offenders Program pursuant to Chapter 2 (commencing with Section 47760) of Part 26.95.

(14) The General Fund contribution to the State Instructional Material Fund pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33.

(15) Intersegmental programs for kindergarten and grades 1 to 12, inclusive, funded by Item 6110-230-0001 of Section 2.00 of the Budget Act of 1998.

(16) Proposition 98 educational programs pursuant to Item 6110-231-0001 of Section 2.00 of the Budget Act of 1998.

(17) The California Mentor Teacher Program, as set forth in Section 44253.6.

(18) The Miller-Unruh Basic Reading Act of 1965, as set forth in Chapter 2 (commencing with Section 54100) of Part 29.

(19) The Morgan-Hart Class Size Reduction Act of 1989, as set forth in Chapter 6.8 (commencing with Section 52080) of Part 28.

(20) Opportunity schools pursuant to Article 2 (commencing with Section 48630) of Chapter 4 of Part 27.

(21) Partnership academies pursuant to Article 5 (commencing with Section 54690) of Chapter 9 of Part 29.

(22) Mathematics staff development pursuant to Chapter 3.25 (commencing with Section 44695) and Chapter 3.33 (commencing with Section 44720) of Part 25.

(23) Improvement of elementary and secondary education pursuant to Chapter 6 (commencing with Section 52000) of Part 28.

(24) The School Community Policing Partnership Act of 1998, as set forth in Article 6 (commencing with Section 32296) of Chapter 2.5 of Part 19.

(25) The School/Law Enforcement partnership funded by Item 6110-226-0001 of Section 2.00 of the Budget Act of 1998.

(26) Specialized secondary schools pursuant to Chapter 6 (commencing with Section 58800) of Part 31.

(27) School personnel staff development and resource centers pursuant to Chapter 3.1 (commencing with Section 44670) of Part 25.

(28) Supplemental grant funding, not otherwise included in the programs described above, provided by Item 6110-230-0001 of Section 2.00 of the Budget Act of 1998.

(29) Academic progress and counseling review pursuant to Section 48431.6.

(30) The Schiff-Bustamante Standards-Based Instructional Materials Program as set forth in Chapter 3.5 (commencing with Section 60450) of Part 33.

(31) The Elementary School Intensive Reading Program, as set forth in Chapter 16 (commencing with Section 53025) of Part 28.

(32) The California Public School Library Protection Act, as set forth in Article 6 (commencing with Section 18175) of Chapter 2 of Part 11.

(33) The California Peer Assistance and Review Program for Teachers, as set forth in Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25.

(34) The State Instructional Materials Fund, as set forth in Article 3 (commencing with Section 60240) of Chapter 2 of Part 33.

(35) The Instructional Materials Funding Realignment Program, as set forth in Chapter 3.25 (commencing with Section 60420) of Part 33.

(36) Mathematics and Reading Professional Development Program, as set forth in Article 3 (commencing with Section 99230) of Chapter 5 of Part 65.

Notwithstanding any other provision of law, charter schools that have received a block grant pursuant to this section are not eligible to receive separate funding for programs enumerated in this subdivision or any other state categorical aid programs established on or after July 1, 1999, that are included in the calculation made pursuant to this subdivision and for which charter schools are not required to apply separately.

(b) For purposes of the computation prescribed by subdivision (a), other state categorical aid does not include any of the following:

(1) Programs for which a charter school is required to apply separately.

(2) Programs that support, or are provided in lieu of, capital expenses.

(3) Funding for court-ordered or voluntary desegregation programs.

(4) Special education programs.

(5) Economic Impact Aid.

(6) Lottery funds.

(c) The Superintendent shall annually adjust each of the amounts computed pursuant to subdivision (a) to reflect programs that existed on or after July 1, 1999, or their successors, that are subsequently included in or deleted from the categorical block grant. The Director of Finance shall annually recalculate the cumulative percentage change required pursuant to subdivision (c) of Section 47634.5 by adjusting the base year and the budget year figures to reflect those program shifts.

(d) The Superintendent shall annually adjust each of the resulting four amounts computed pursuant to subdivision (a) by the cumulative percentage change from the 1998–99 fiscal year, as annually calculated by the Director of Finance pursuant to Section 47634.5, in the total amount of state funding per unit of average daily attendance received by local educational agencies maintaining kindergarten or any of grades 1 to 12, inclusive, for purposes that apply toward meeting the requirements of Section 8 of Article XVI of the California Constitution, exclusive of funding for adult education, child development programs, special education, Economic Impact Aid, revenue limits for school districts and county offices of education, and programs for which a charter school is required to apply separately. Programs for which charter schools are required to apply separately are programs that expressly authorize or require a charter school to apply for funding.

(e) The Superintendent shall multiply each of the four amounts computed in subdivision (d) by the charter school's average daily attendance in the corresponding grade level ranges.

(f) The Superintendent shall compute the statewide average amount of funding per identified educationally disadvantaged pupil received by school districts in the current fiscal year pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29. This amount shall be multiplied by the number of educationally disadvantaged pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54031. For purposes of this subdivision, a pupil who is eligible for subsidized meals pursuant to Section 49552 and is identified as an English language learner pursuant to subdivision (a) of Section 306 shall count as two pupils.

(g) The Superintendent shall add the amounts computed in subdivisions (e) and (f). The resulting amount shall be the charter school's categorical block grant that the Superintendent shall apportion to each charter school from funds appropriated for this purpose in the annual Budget Act or another statute.

(h) Notwithstanding any other provision of law, a charter school is not eligible to apply for funding under any of the programs the funding of which is included in the computation of the categorical block grant. The Superintendent shall annually provide each charter school with a list of these programs and shall ensure that a charter school receives timely notification of the opportunity to apply for programs administered by the department that are excluded from the categorical block grant.

(i) It is the intent of the Legislature to fully fund the categorical block grant and to appropriate additional funding that may be needed in order to compensate for unanticipated increases in average daily attendance in charter schools. In any fiscal year in which the department identifies a deficiency in the Charter School Categorical Block Grant, the department shall identify programs that are funded toward meeting the requirements of Section 8 of Article XVI of the California Constitution that will have unobligated funds for the year and the associated balances available. At the second principal apportionment, the department shall provide the Department of Finance with a list of those programs and their available balances, and the amount of the deficiency in the Charter School Categorical Block Grant. The Director of Finance shall verify the amount of the deficiency in the Charter School Categorical Block Grant and direct the Controller to transfer from those programs to the Charter School Categorical Block Grant an amount equal to the lesser of the amount available or the amount needed to fully fund the Charter School Categorical Block Grant. The Department of Finance shall request the transfer on or before July 1 and notify the Joint Legislative Budget Committee within 45 days of the transfer.

(j) Categorical block grant funding may be used for any purpose determined by the governing body of the charter school.

(k) This section shall remain in effect only until July 1, 2006, and as of that date is repealed, unless a later enacted statute, which is enacted before July 1, 2006, deletes or extends that date.

SEC. 4. Section 47634.1 is added to the Education Code, to read:

47634.1. (a) Notwithstanding subdivision (a) of Section 47634, a categorical block grant for charter schools for the 2005–06 fiscal year shall be calculated as follows:

(1) The Superintendent shall divide the total amount of funding appropriated for the purpose of this block grant in the annual Budget Act or another statute, less the total amount calculated in paragraph (2), by the statewide total of charter school average daily attendance, as determined at the second principal apportionment for the 2005–06 fiscal year.

(2) The statewide average amount, as computed by the Superintendent, of funding per identified educationally disadvantaged pupil received by school districts in the current fiscal year pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29. This amount shall be multiplied by the number of educationally disadvantaged pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54031. For purposes of this subdivision, a pupil who is eligible for subsidized meals pursuant to Section 49552 and is identified as an English learner pursuant to subdivision (a) of Section 306 shall count as two pupils.

(3) For each charter school, the Superintendent shall multiply the amount calculated in paragraph (1) by the school's average daily attendance as determined at the second principal apportionment for the 2005–06 fiscal year.

(4) The Superintendent shall add the amounts computed in paragraphs (2) and (3). The resulting amount shall be the charter school categorical block grant that the Superintendent shall apportion to each charter school from funds appropriated for this purpose in the annual Budget Act or another statute. The Superintendent shall allocate an advance payment of this grant as early as possible, but no later than October 31, 2005, based on prior year average daily attendance as determined at the second principal apportionment or, for a charter school in its first year of operation that commences instruction on or before September 30, 2005, on estimates of average daily attendance for the current fiscal year determined pursuant to Section 47652.

(b) (1) For the 2006–07 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be four hundred dollars ($400) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2006–07 fiscal year. This amount shall be supplemented by the amount calculated in paragraph (2).

(2) The statewide average amount, as computed by the Superintendent, of funding per identified educationally disadvantaged pupil received by school districts in the current fiscal year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of educationally disadvantaged pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54031. For purposes of this subdivision, a pupil who is eligible for subsidized meals pursuant to Section 49552 and is identified as an English learner pursuant to subdivision (a) of Section 306 shall count as two pupils.

(c) (1) For the 2007–08 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be five hundred dollars ($500) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2007–08 fiscal year. For each fiscal year thereafter, this per unit amount shall be adjusted for the cost-of-living adjustment, as determined pursuant to Section 42238.1, for that fiscal year. This amount shall be supplemented in the 2007–08 fiscal year and each fiscal year thereafter by the amount calculated in paragraph (2).

(2) The statewide average amount, as computed by the Superintendent, of funding per identified educationally disadvantaged pupil received by school districts in the current year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of educationally disadvantaged pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54031. For purposes of this subdivision, a pupil who is eligible for subsidized meals pursuant to Section 49552 and is identified as an English learner pursuant to subdivision (a) of Section 306 shall count as two pupils.

(d) It is the intent of the Legislature to fully fund the categorical block grant for charter schools as specified in this section and to appropriate additional funding that may be needed in order to compensate for unanticipated increases in average daily attendance and counts of educationally disadvantaged pupils, pursuant to Article 2 (commencing

with Section 54020) of Chapter 1 of Part 29, in charter schools. In any fiscal year in which the department identifies a deficiency in the categorical block grant, the department shall identify the available balance for programs that count towards meeting the requirements of Section 8 of Article XVI of the California Constitution and have unobligated funds for the year. On or before July 1, the department shall provide the Department of Finance with a list of those programs and their available balances, and the amount of the deficiency, if any, in the categorical block grant. Within 45 days of the receipt of a notification of deficiency, the Director of Finance shall verify the amount of the deficiency in the categorical block grant and direct the Controller to transfer an amount, equal to the lesser of the amount available or the amount needed to fully fund the categorical block grant, from those programs to the categorical block grant. The Department of Finance shall notify the Joint Legislative Budget Committee within 30 days of any transfer made pursuant to this section.

(e) Commencing October 1, 2007, the Legislative Analyst's Office shall triennially convene a work group to review, commencing with appropriations proposed for the 2008–09 fiscal year, the appropriateness of the funding level provided by the categorical block grant established in this section.

(f) Categorical block grant funding may be used for any purpose determined by the governing body of the charter school.

SEC. 5. Section 47634.3 of the Education Code is amended to read:

47634.3. For purposes of Section 47633, the Superintendent shall compute average daily attendance in each of grades 1 through 12, respectively, as follows:

(a) Distribute statewide total ungraded enrollment and average daily attendance among kindergarten and each of grades 1 through 12, inclusive, in proportion to the amounts of graded enrollment and average daily attendance, respectively, in each of these grades.

(b) Multiply enrollment in each of grades 1 through 12, respectively, by the ratio of average daily attendance to enrollment in the applicable grade range: 1 through 3, inclusive, 4 through 6, inclusive; 7 and 8; and 9 through 12, inclusive.

SEC. 6. Section 47634.4 is added to the Education Code, to read:

47634.4. (a) A charter school that elects to receive its funding directly, pursuant to Section 47651, may apply individually for federal and state categorical programs, not excluded in this section, but only to the extent it is eligible for funding and meets the provisions of the program. For purposes of determining eligibility for, and allocation of, state or federal categorical aid, a charter school that applies individually

shall be deemed to be a school district, except as otherwise provided in this chapter.

(b) A charter school that does not elect to receive its funding directly, pursuant to Section 47651, may, in cooperation with its chartering authority, apply for federal and state categorical programs not specified in this section, but only to the extent it is eligible for funding and meets the provisions of the program.

(c) Notwithstanding any other provision of law, for the 2006–07 fiscal year and each fiscal year thereafter, a charter school may not apply directly for categorical programs for which services are exclusively or almost exclusively provided by a county office of education.

(d) Consistent with subdivision (c), a charter school may not receive direct funding for any of the following county-administered categorical programs:

(1) American Indian Education Centers.

(2) The California Association of Student Councils.

(3) California Technology Assistance Project established pursuant to Article 15 (commencing with Section 51870) of Chapter 5 of Part 28.

(4) The Center for Civic Education.

(5) County Office Fiscal Crisis and Management Assistance Team.

(6) The K-12 High Speed Network.

(e) A charter school may apply separately for district-level or school-level grants associated with any of the categorical programs specified in subdivision (d).

(f) Notwithstanding any other provision of law, for the 2006–07 fiscal year and each fiscal year thereafter, in addition to the programs listed in subdivision (d), a charter school may not apply for any of the following categorical programs:

(1) Agricultural Career Technical Education Incentive Program, as set forth in Article 7.5 (commencing with Section 52460) of Chapter 9 of Part 28.

(2) Bilingual Teacher Training Assistance Program, as set forth in Article 4 (commencing with Section 52180) of Chapter 7 of Part 28.

(3) California Peer Assistance and Review Program for Teachers, as set forth in Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25.

(4) College preparation programs, as set forth in Chapter 12 (commencing with Section 11020) of Part 7, Chapter 8.3 (commencing with Section 52240) of Part 28, and Chapter 8 (commencing with Section 60830) of Part 33.

(5) English Language Acquisition Program, as set forth in Chapter 4 (commencing with Section 400) of Part 1.

(6) Foster youth programs pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24.

(7) Gifted and talented pupil programs pursuant to Chapter 8 (commencing with Section 52200) of Part 28.

(8) Home-to-school transportation programs, as set forth in Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 and Article 10 (commencing with Section 41850) of Chapter 5 of Part 24.

(9) International Baccalaureate Diploma Program, as set forth in Chapter 12.5 (commencing with Section 52920) of Part 28.

(10) Mathematics and Reading Professional Development Program, as set forth in Article 3 (commencing with Section 99230) of Chapter 5 of Part 65.

(11) Principal Training Program, as set forth in Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25.

(12) Professional Development Block Grant, as set forth in Article 5 (commencing with Section 41530) of Chapter 3.2 of Part 24.

(13) Program to Reduce Class Size in Two Courses in Grade 9 (formerly The Morgan-Hart Class Size Reduction Act of 1989), as set forth in Chapter 6.8 (commencing with Section 52080) of Part 28.

(14) Pupil Retention Block Grant, as set forth in Article 2 (commencing with Section 41505) of Chapter 3.2 of Part 24.

(15) Reader services for blind teachers, as set forth in Article 8.5 (commencing with Section 45370) of Chapter 5 of Part 25.

(16) School and Library Improvement Block Grant, as set forth in Article 7 (commencing with Section 41570) of Chapter 3.2 of Part 24.

(17) School Safety Consolidated Competitive Grant, as set forth in Article 3 (commencing with Section 41510) of Chapter 3.2 of Part 24.

(18) School safety programs, as set forth in Article 3.6 (commencing with Section 32228) and Article 3.8 (commencing with Section 32239.5) of Chapter 2 of Part 19.

(19) Specialized secondary schools pursuant to Chapter 6 (commencing with Section 58800) of Part 31.

(20) State Instructional Materials Fund, as set forth in Article 3 (commencing with Section 60240) of Chapter 2 of Part 33.

(21) Targeted Instructional Improvement Grant, as set forth in Chapter 2.5 (commencing with Section 54200) of Part 29.

(22) Teacher Credentialing Block Grant, as set forth in Article 4 (commencing with Section 41520) of Chapter 3.2 of Part 24.

(23) Teacher dismissal apportionment, as set forth in Section 44944.

(24) The deferred maintenance program, as set forth in Article 1 (commencing with Section 17565) of Chapter 5 of Part 10.5.

(25) The General Fund contribution to the State Instructional Materials Fund pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33.

(26) Year-Round School Grant Program, as set forth in Article 3 (commencing with Section 42260) of Chapter 7 of Part 24.

SEC. 7. Section 47634.5 of the Education Code is repealed.

SEC. 8. Section 47636 of the Education Code is amended to read:

47636. (a) This chapter may not be construed to prevent charter schools from applying for, or receiving, operational funding under state or federal categorical programs, the funding of which is not included in the computation of the block grant entitlement. Unless specifically prohibited, a charter school shall only apply for federal or state categorical programs as follows:

(1) A charter school that elects to receive its funding directly, pursuant to Section 47651, may apply for federal and state categorical programs individually. Except as otherwise provided in this chapter, for purposes of determining eligibility for, and allocations of federal or state categorical aid, a charter school that applies individually shall be deemed to be a school district.

(2) A charter school that does not elect to receive its funding directly may apply for federal and state categorical programs in cooperation with its authorizing local educational agency.

(b) This chapter may not be construed to prevent a charter school from negotiating with a local educational agency for a share of operational funding from sources not otherwise set forth in this chapter including, but not limited to, all of the following:

(1) Forest reserve revenues and other operational revenues received due to harvesting or extraction of minerals or other natural resources.

(2) Sales and use taxes, to the extent that the associated revenues are available for noncapital expenses of public schools.

(3) Parcel taxes, to the extent that the associated revenues are available for noncapital expenses of public schools.

(4) Ad valorem property taxes received by a school district which exceed its revenue limit entitlement.

(5) "Basic aid" received by a school district pursuant to Section 6 of Article IX of the California Constitution.

(c) This section shall become inoperative on July 1, 2006, and as of January 1, 2007, is repealed, unless a later enacted statute that becomes operative on or before January 1, 2007, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 9. Section 47636 is added to the Education Code, to read:

47636. (a) This chapter does not prevent a charter school from negotiating with a local educational agency for a share of operational

funding from sources not otherwise set forth in this chapter including, but not limited to, all of the following:

(1) Forest reserve revenues and other operational revenues received due to harvesting or extraction of minerals or other natural resources.

(2) Sales and use taxes, to the extent that the associated revenues are available for noncapital expenses of public schools.

(3) Parcel taxes, to the extent that the associated revenues are available for noncapital expenses of public schools.

(4) Ad valorem property taxes received by a school district which exceed its revenue limit entitlement.

(5) "Basic aid" received by a school district pursuant to Section 6 of Article IX of the California Constitution.

(b) This section shall become operative July 1, 2006.

SEC. 10. Item 6110-211-0001 of Section 2.00 of Chapter 38 of the Statutes of 2005 is amended to read:

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 62,158,000

Provisions:

1. Funds appropriated in this item are for the charter school categorical block grant. The State Department of Education shall distribute block grant funds pursuant to legislation enacted during the 2005-06 Regular Session that is effective on or before January 1, 2006, and that designates which categorical programs are to be included or excluded from the block grant.

1.5. Notwithstanding Section 47634 of the Education Code, the State Department of Education shall distribute base block grant funds using a single funding rate per unit of average daily attendance (ADA). This rate shall not exceed $298 per unit of ADA and shall be prorated downward as necessary given total charter school ADA. Supplemental educationally disadvantaged pupil block grant funds shall be distributed pursuant to subdivisions (f) and (g) of Section 47634 of the Education Code.

2. The Department of Education shall provide an estimate of average daily attendance expected to be claimed for this item for the 2006-07 fiscal year to the Department of Finance and the Legislative Analyst's Office by October 1, 2005, for use in developing the 2006-07 Governor's Budget. The Department of Education shall provide an update

of the estimate by March 31, 2006, for preparation of the May Revision.

3. An additional $5,947,000 in expenditures for this item has been deferred until the 2006-07 fiscal year.

SEC. 11. 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 the statutory changes needed to implement the Budget Act of 2005 as early as possible, it is necessary that this act take effect immediately.

CHAPTER 360

An act to amend Section 42127.8 of, and to add Section 84041 to, the Education Code, relating to community colleges.

[Approved by Governor September 28, 2005. Filed with Secretary of State September 28, 2005.]

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

SECTION 1. Section 42127.8 of the Education Code is amended to read:

42127.8. (a) The governing board provided for in subdivision (b) shall establish a unit to be known as the County Office Fiscal Crisis and Management Assistance Team. The team shall consist of persons having extensive experience in school district budgeting, accounting, data processing, telecommunications, risk management, food services, pupil transportation, purchasing and warehousing, facilities maintenance and operation, and personnel administration, organization, and staffing. The Superintendent may appoint one employee of the department to serve on the unit. The unit shall be operated under the immediate direction of an appropriate county office of education selected jointly, in response to an application process, by the Superintendent and the Secretary for Education.

(b) The unit established under subdivision (a) shall be selected and governed by a 25-member governing board consisting of one representative chosen by the California County Superintendents Educational Services Association from each of the 11 county service regions designated by the association, 11 superintendents of school

districts chosen by the Association of California School Administrators from each of the 11 county service regions, one representative from the State Department of Education chosen by the Superintendent of Public Instruction, the Chancellor of the California Community Colleges or his or her designee, and one member of a community college district governing board chosen by the chancellor. The governing board of the County Office Fiscal Crisis and Management Assistance Team shall select a county superintendent of schools to chair the unit.

(c) (1) The Superintendent may request the unit to provide the assistance described in subdivision (b) of Section 1624, Section 1630, Section 33132, subdivision (b) of Section 42127.3, subdivision (c) of Section 42127.6, Section 42127.9, and subdivision (a) of Section 42238.2, and to review the fiscal and administrative condition of any county office of education, school district, or charter school.

(2) The Board of Governors of the California Community Colleges may request the unit to provide the assistance described in Section 84041.

(d) In addition to the functions described in subdivision (c), the unit shall do all of the following:

(1) Provide fiscal management assistance, at the request of any school district or county office of education, or, pursuant to subdivision (g) of Section 84041, at the request of any community college district. Each school district or county office of education receiving that assistance shall be required to pay the onsite personnel costs and travel costs incurred by the unit for that purpose, pursuant to rates determined by the governing board established under subdivision (b). The governing board annually shall distribute rate information to each school district and county office of education.

(2) Facilitate training for members of the governing board of the school district, district and county superintendents, chief financial officers within the district, and schoolsite personnel whose primary responsibility is to address fiscal issues. Training services shall emphasize efforts to improve fiscal accountability and expand the fiscal competency of local agencies. The unit shall use state professional associations, private organizations, and public agencies to provide guidance, support, and the delivery of any training services.

(3) Facilitate fiscal management training through the 11 county service regions to county office of education staff to ensure that they develop the technical skills necessary to perform their fiduciary duties. The governing board established pursuant to subdivision (b) shall determine the extent of the training that is necessary to comply with this paragraph.

(4) Produce a training calendar, to be disseminated semiannually to each county service region, that publicizes all of the fiscal training services that are being offered at the local, regional, and state levels.

(e) The governing board shall reserve not less than 25 percent, nor more than 50 percent, of its revenues each year for expenditure for the costs of contracts and professional services as management assistance to school districts or county superintendents of schools in which the board determines that a fiscal emergency exists.

(f) The governing board established under subdivision (b) may levy an annual assessment against each county office of education that elects to participate under this section in an amount not to exceed twenty cents ($0.20) per unit of total average daily attendance for all school districts within the county. The revenues collected pursuant to that assessment shall be applied to the expenses of the unit.

(g) The governing board established under subdivision (b) may pay to the department, from any available funds, a reasonable amount to reimburse the department for actual administrative expenses incurred in the review of the budgets and fiscal conditions of school districts and county superintendents of schools.

(h) When employed as a fiscal adviser by the department pursuant to Section 1630, employees of the unit established pursuant to subdivision (a) shall be considered employees of the department for purposes of errors and omissions liability insurance.

(i) (1) The unit shall request and review applications to establish regional teams of education finance experts throughout the state.

(2) To the extent that funding is provided for purposes of this subdivision in the annual Budget Act or through another appropriation, regional teams selected by the Superintendent, in consultation with the unit, shall provide training and technical expertise to school districts and county offices of education facing fiscal difficulties.

(3) The regional teams shall follow the standards and guidelines of and remain under the general supervision of the governing board established under subdivision (b).

(4) It is the intent of the Legislature that, to the extent possible, the regional teams be distributed geographically throughout the various regions of the state in order to provide timely, cost-effective expertise to school districts, county offices of education, and community college districts throughout the state.

SEC. 1.5. Section 42127.8 of the Education Code is amended to read:

42127.8. (a) The governing board provided for in subdivision (b) shall establish a unit to be known as the County Office Fiscal Crisis and Management Assistance Team. The team shall consist of persons having extensive experience in school district budgeting, accounting, data processing, telecommunications, risk management, food services, pupil transportation, purchasing and warehousing, facilities maintenance and operation, and personnel administration, organization, and staffing. The

Superintendent may appoint one employee of the department to serve on the unit. The unit shall be operated under the immediate direction of an appropriate county office of education selected jointly, in response to an application process, by the Superintendent and the Secretary for Education.

(b) The unit established under subdivision (a) shall be selected and governed by a 25-member governing board consisting of one representative chosen by the California County Superintendents Educational Services Association from each of the 11 county service regions designated by the association, 11 superintendents of school districts chosen by the Association of California School Administrators from each of the 11 county service regions, one representative from the State Department of Education chosen by the Superintendent of Public Instruction, the Chancellor of the California Community Colleges or his or her designee, and one member of a community college district governing board chosen by the chancellor. The governing board of the County Office Fiscal Crisis and Management Assistance Team shall select a county superintendent of schools to chair the unit.

(c) (1) The Superintendent may request the unit to provide the assistance described in subdivision (b) of Section 1624, Section 1630, Section 33132, subdivision (b) of Section 42127.3, subdivision (c) of Section 42127.6, Section 42127.9, and subdivision (a) of Section 42238.2, and to review the fiscal and administrative condition of any county office of education, school district, or charter school.

(2) A county superintendent of schools may request the unit to review the fiscal or administrative condition of a school district or charter school under his or her jurisdiction.

(3) The Board of Governors of the California Community Colleges may request the unit to provide the assistance described in Section 84041.

(d) In addition to the functions described in subdivision (c), the unit shall do all of the following:

(1) Provide fiscal management assistance, at the request of any school district, charter school, or county office of education, or, pursuant to subdivision (g) of Section 84041, at the request of any community college district. Each school district, charter school, or county office of education receiving that assistance shall be required to pay the onsite personnel costs and travel costs incurred by the unit for that purpose, pursuant to rates determined by the governing board established under subdivision (b). The governing board annually shall distribute rate information to each school district, charter school, and county office of education.

(2) Facilitate training for members of the governing board of the school district, district and county superintendents, chief financial officers within the district, and schoolsite personnel whose primary responsibility

is to address fiscal issues. Training services shall emphasize efforts to improve fiscal accountability and expand the fiscal competency of local agencies. The unit shall use state professional associations, private organizations, and public agencies to provide guidance, support, and the delivery of any training services.

(3) Facilitate fiscal management training through the 11 county service regions to county office of education staff to ensure that they develop the technical skills necessary to perform their fiduciary duties. The governing board established pursuant to subdivision (b) shall determine the extent of the training that is necessary to comply with this paragraph.

(4) Produce a training calendar, to be disseminated semiannually to each county service region, that publicizes all of the fiscal training services that are being offered at the local, regional, and state levels.

(e) The governing board shall reserve not less than 25 percent, nor more than 50 percent, of its revenues each year for expenditure for the costs of contracts and professional services as management assistance to school districts or county superintendents of schools in which the board determines that a fiscal emergency exists.

(f) The governing board established under subdivision (b) may levy an annual assessment against each county office of education that elects to participate under this section in an amount not to exceed twenty cents ($0.20) per unit of total average daily attendance for all school districts within the county. The revenues collected pursuant to that assessment shall be applied to the expenses of the unit.

(g) The governing board established under subdivision (b) may pay to the department, from any available funds, a reasonable amount to reimburse the department for actual administrative expenses incurred in the review of the budgets and fiscal conditions of school districts, charter schools, and county superintendents of schools.

(h) When employed as a fiscal adviser by the department pursuant to Section 1630, employees of the unit established pursuant to subdivision (a) shall be considered employees of the department for purposes of errors and omissions liability insurance.

(i) (1) The unit shall request and review applications to establish regional teams of education finance experts throughout the state.

(2) To the extent that funding is provided for purposes of this subdivision in the annual Budget Act or through another appropriation, regional teams selected by the Superintendent, in consultation with the unit, shall provide training and technical expertise to school districts, charter schools, and county offices of education facing fiscal difficulties.

(3) The regional teams shall follow the standards and guidelines of and remain under the general supervision of the governing board established under subdivision (b).

(4) It is the intent of the Legislature that, to the extent possible, the regional teams be distributed geographically throughout the various regions of the state in order to provide timely, cost-effective expertise to school districts, charter schools, county offices of education, and community college districts throughout the state.

SEC. 2. Section 84041 is added to the Education Code, to read:

84041. (a) The board of governors may request the County Office Fiscal Crisis and Management Assistance Team (FCMAT) established pursuant to Section 42127.8 to assist a community college district to establish or maintain sound financial and budgetary conditions and to comply with principles of sound fiscal management.

(b) The board of governors may recommend additional persons with expertise in community college fiscal accountability to serve as part of a FCMAT operation for the purposes of this section.

(c) The board of governors may request FCMAT to assist a community college district as follows:

(1) Whenever regulations adopted by the board of governors authorize contracting for a management review of the district and its educational programs or an audit of the financial conditions of the district.

(2) To provide management or fiscal crisis intervention, or both, for a community college district where a crisis presents an imminent threat to the fiscal integrity and security of that district. In these cases, the FCMAT shall have the authority, subject to regulations adopted by the board of governors, to stay or rescind any action of the district's governing board that is inconsistent with the district's fiscal integrity and security.

(d) The FCMAT shall submit a progress report to the affected district, to the board of governors, and to the chancellor at least every six months, or more frequently if that is required by the chancellor.

(e) Each community college district that receives assistance at the request of the board of governors under subdivision (a), (b), (c), or (d) shall be required to pay the full cost incurred by the unit for these purposes.

(f) If the board of governors requests the assistance of the FCMAT pursuant to paragraph (2) of subdivision (c), the chancellor shall provide the board of governors with a report that includes all of the following:

(1) An assessment of which events or activities led to the crisis.

(2) An action plan for addressing the deficiencies of the district.

(3) A process for assessing district progress in correcting deficiencies.

(4) Benchmarks that indicate the presence of local capacity to manage the fiscal responsibilities of the district.

(g) (1) Irrespective of whether the FCMAT has been requested by the board of governors to assist a district under this section, a district

may request the FCMAT to do either or both of the following at district expense, in accordance with paragraph (2):

(A) Provide fiscal management assistance.

(B) Facilitate training for members of the district governing board and for any district employees whose responsibilities include addressing fiscal issues. Training services shall emphasize efforts to improve fiscal accountability and to expand the fiscal competency of the trainees.

(2) Each community college district that receives assistance at its request under this subdivision shall be required to pay the full cost incurred by the unit for that purpose.

(h) The board of governors shall develop and adopt any regulations that are necessary for the implementation of this section.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 42127.8 of the Education Code proposed by both this bill and SB 430. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 42127.8 of the Education Code, and (3) this bill is enacted after SB 430, in which case Section 1 of this bill shall not become operative.

CHAPTER 361

An act to add Section 49561 to the Education Code, relating to pupil nutrition.

[Approved by Governor September 28, 2005. Filed with Secretary of State September 28, 2005.]

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

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

(a) Studies have shown that schoolchildren who receive nutritious meals are more likely to have higher achievement scores and fewer disciplinary problems, and less likely to be absent or tardy to class.

(b) Schoolchildren who are considered low income or receive public assistance qualify for free or reduced-priced school meals. The State Department of Education and the State Department of Health Services maintain various databases to ascertain which schoolchildren are eligible for these programs.

(c) Schoolchildren who receive free or reduced-priced meals at school must be certified as enrolled in a school meal program.

(d) The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) requires that any child receiving benefits under the federal

Food Stamp Act be certified as eligible for free lunches under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) and free breakfasts under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), without further application.

(e) Federal law requires the use of direct certification by school districts to be phased in over time with full implementation being realized by July 2008. Specifically, the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) requires state education agencies to enter into an agreement with appropriate state agencies conducting eligibility determinations for the Food Stamp Program established pursuant to the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(f) Research has shown that direct certification increases the participation of low-income schoolchildren in free school meals. Research has also shown direct certification improves the integrity of the meal programs because it ensures that the children receiving the meals are truly needy.

(g) The federal No Child Left Behind Act of 2001 (P.L. 107-110) requires states to establish a database to track pupils' achievement.

(h) Chapter 1002 of the Statutes of 2002 requires the California Department of Education, consistent with the requirements of the No Child Left Behind Act of 2001, to establish the California Longitudinal Pupil Achievement Data System (CalPADS) to track student achievement.

(i) The State Department of Health Services possesses a statewide Medical Eligibility Data System (MEDS), which stores data regarding recipients of food stamps and the California Work Opportunity and Responsibility to Kids Act program (the CalWORKs program) (Ch. 2 (commencing with Sec. 11200), Pt. 3, Div. 9, W.&I.C.).

(j) Both the CalPADS and the MEDS databases will include information that may facilitate a data-matching process.

(k) Although direct certification will increase access to the school meal program by eligible schoolchildren, there is likewise an obligation to protect the privacy and confidentiality of these individuals. For example, the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. 1232g) prohibits entities that receive federal education funds from releasing educational records without the prior consent of the pupil's parent or guardian.

(*l*) It is the intent of the Legislature to seek available federal funds appropriated by the federal Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) to offset the cost of developing a computerized data-matching system for direct certification.

SEC. 2. Section 49561 is added to the Education Code, to read:

49561. (a) The department shall create a computerized data-matching system using existing databases from the department and the State Department of Health Services to directly certify recipients of the Food Stamp Program, the California Work Opportunity and Responsibility to Kids Act program (the CalWORKs program) (Ch. 2 (commencing with Sec. 11200), Pt. 3, Div. 9, W.& I.C.), and other programs authorized for direct certification under federal law, for enrollment in the National School Lunch and School Breakfast Programs. This subdivision does not include Medi-Cal benefits within the criteria for direct certification specified in the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

(b) The department shall design a process using an existing agency database that will conform with data from the State Department of Health Services to meet the direct certification requirements of the National School Lunch Act, as amended, pursuant to Chapter 13 (commencing with Section 1751) of Title 42 of the United States Code, and the Child Nutrition Act of 1966, as amended, pursuant to Chapter 13A (commencing with Section 1771) of Title 42 of the United States Code.

(c) The department shall design a process using computerized data pursuant to subdivision (a) that will maximize enrollment in school meal programs and improve program integrity while ensuring that pupil privacy safeguards remain in place.

(d) Each state agency identified in subdivision (a) is responsible for the maintenance and protection of data received by their respective agency. The state agency that possesses the data shall follow privacy and confidentiality procedures consistent with all applicable state and federal law.

(e) The department shall determine the availability of and request or apply for, as appropriate, federal funds to assist the state in implementing new direct certification requirements mandated by federal law.

(f) This section shall become operative upon receipt of federal funds to assist the state in implementing new direct certification requirements mandated by federal law.

CHAPTER 362

An act to add Article 1.3 (commencing with Section 78017) to Chapter 1 of Part 48 of the Education Code, relating to agricultural education.

[Approved by Governor September 28, 2005. Filed with Secretary of State September 28, 2005.]

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

SECTION 1. Article 1.3 (commencing with Section 78017) is added to Chapter 1 of Part 48 of the Education Code, to read:

Article 1.3. Agricultural Education Program Quality Criteria

78017. The Legislature finds and declares all of the following:

(a) Agriculture is one of the most important industries in California, contributing over sixty-five billion dollars ($65,000,000,000) annually to the state's economic activity.

(b) Agricultural education programs within the California Community Colleges system can, and do, play an important role in providing relevant workforce training as well as college and university transfer options for students.

(c) Among the purposes of the California Community Colleges Agriculture and Natural Resources Advisory Committee is the development of recommendations for improving and enhancing community college agricultural education programs on a statewide basis.

(d) It is in the best interests of the public that programs in agricultural education that exist within the California Community Colleges system be measured annually against uniform, objective quality criteria indicators.

78017.3. (a) The California Community Colleges Agriculture and Natural Resources Advisory Committee shall identify and develop quality program criteria that may be used to uniformly evaluate the effectiveness of the agricultural education programs in community colleges throughout California. These criteria shall be developed in consultation with instructors, administrators, students, industry representatives, and other interested parties, and shall build upon the local program evaluation document previously developed by the advisory committee. These criteria shall be submitted, no later than June 30, 2007, in a written report to the Chancellor of the California Community Colleges and the Legislature.

(b) The California Community Colleges Agriculture and Natural Resources Advisory Committee shall perform all of the activities specified in subdivision (a) within the allotment of funding provided to the advisory committee under the federal Carl D. Perkins Vocational and Technical Education Act (VTEA). Under no circumstances shall these activities result in a state operations request for General Fund support or displace any other VTEA-funded state operations activities within the office of the Chancellor of the California Community Colleges.

CHAPTER 363

An act to add Sections 81383 and 81384 to the Education Code, relating to community college district property.

[Approved by Governor September 28, 2005. Filed with Secretary of State September 28, 2005.]

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

SECTION 1. Section 81383 is added to the Education Code, to read:

81383. Notwithstanding Section 81360, the sale by the governing board of any community college district of any real property belonging to the community college district, or the lease by that governing board, for a term not exceeding 99 years, of any real property, together with any personal property located thereon, belonging to the community college district shall not be subject to Part 49 (commencing with Section 81000) or to Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5 of the Government Code, if all of the following conditions are met:

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

(b) (1) In the case of the sale of community college district property pursuant to this section, the community college district, as part of that same sale transaction, simultaneously repurchases the same property that is the subject of the transaction.

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

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

(d) For purposes of this section and Section 81384, the term "qualified community college facility" means real and personal property, improvements, and related facilities that are determined in a resolution

of the governing board of the community college district to satisfy each of the following requirements:

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

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

SEC. 2. Section 81384 is added to the Education Code, to read:

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

CHAPTER 364

An act to amend Sections 44510, 44511, 44512, 44515, 44516, and 44517 of, and to amend the heading of Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25 of, the Education Code, relating to public school administrators.

[Approved by Governor September 28, 2005. Filed with Secretary of State September 28, 2005.]

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

SECTION 1. The heading of Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25 of the Education Code is amended to read:

Article 4.6. Administrator Training Program

SEC. 2. Section 44510 of the Education Code is amended to read:

44510. (a) This article shall be known and may be cited as the Administrator Training Program.

(b) The Administrator Training Program is hereby created. The Superintendent, with the approval of the State Board of Education, shall administer the program.

(c) For purposes of this article, the following terms have the following meanings:

(1) "Hard-to-staff school" means a school in which teachers holding emergency permits or credential waivers make up 20 percent or more of the teaching staff.

(2) "Local educational agency" means a school district, a county office of education, or a charter school.

(3) "High-priority school" means a school in the bottom half of all schools based on the Academic Performance Index rankings established pursuant to subdivision (a) of Section 52056.

(4) " School administrator" means a person employed on a full-time or a part-time basis as a principal or a vice principal at a public school or state special school in which kindergarten or any of grades 1 to 12, inclusive, are taught.

(5) "Coaching" means the provision of mentoring or individualized support to school administrators pursuant to this article by a person who has received professional development in coaching strategies and techniques by a local educational agency, professional development organization, or institution of higher education.

SEC. 3. Section 44511 of the Education Code is amended to read:

44511. (a) From funds appropriated for the purpose of this article, the Superintendent shall award incentive funding to provide school administrators with instruction and training in areas that include, but are not limited to, the following:

(1) School financial and personnel management. This training shall specifically provide instruction related to personnel management, including hiring, recruitment, and retention practices and misassignments of certificated personnel.

(2) Core academic standards.

(3) Curriculum frameworks and instructional materials aligned to the state academic standards, including ensuring the provisions of textbooks and instructional materials as defined in Section 60119.

(4) The use of state and local pupil assessment instruments, specific ways of mastering the use of assessment data from the Standardized Testing and Reporting (STAR) Program, including analyzing achievement of specific subgroups including English language learners and individuals with exceptional needs, and school management technology to improve pupil performance.

(5) The provision of instructional leadership and management strategies regarding the use of instructional technology to improve pupil performance.

(6) Extension of the leadership knowledge, skills, and abilities acquired in the preliminary administrative preparation program that are designed to strengthen the ability of school administrators to effectively and efficiently lead an organization and build the capacity of staff to enhance the academic performance of all pupils, including special emphasis on providing additional support to pupils identified as English language learners and individuals with exceptional needs.

(b) Leadership training to improve the academic achievement of pupils shall include, but not be limited to, capacity building in all of the following areas:

(1) Pedagogies of learning.

(2) Motivating pupil learning.

(3) Instructional strategies, to teach essential content in ways that address the varied learning needs of pupils, with special emphasis on English language learners and individuals with exceptional needs.

(4) Collaboration.

(5) Conflict resolution, including reduction of racial tensions.

(6) Respect for diversity.

(7) Parental involvement.

(8) Staff relations.

(9) Creation of an effective, safe, and inclusive learning environment.

(10) Single plan for pupil achievement.

(c) All local educational agencies are eligible to apply for funds appropriated for the purpose of this article.

SEC. 4. Section 44512 of the Education Code is amended to read:

44512. (a) To receive incentive funding for the purpose of this article, a local educational agency, individually or in partnership with one or more institutions of higher education or other educational entities, shall submit a program proposal to the State Board of Education. The program proposal shall contain an expenditure plan and shall specify how the training program for which funding is being requested addresses the program goals specified in paragraphs (1) to (6), inclusive, of subdivision (a) of Section 44511 and how the local educational agency plans to continue ongoing school administrator professional development.

(b) The State Board of Education shall approve or disapprove a local educational agency's plan.

(c) Training programs offered pursuant to this article shall have a duration of no fewer than 80 hours and shall involve a minimum of 80 hours of intensive individualized support and professional development in the areas specified in subdivision (a) of Section 44511. The additional 80 hours of intensive individualized support and professional development may be completed over a period of up to two years once the initial 80 hours of training commences. To the extent practicable, the institute training portion of Modules 1, 2, and 3 shall be held outside of the regular schoolday.

(d) Training plans may include professional development leadership activities, including, but not limited to, the following:

(1) Coaching, mentorship, assistance, and intensive support customized to meet the individual needs of school administrators.

(2) Activities that assist school administrators to analyze subgroup achievement data and focus support on those subgroups whose academic achievement is not meeting state and local goals.

SEC. 5. Section 44515 of the Education Code is amended to read:

44515. (a) Program funding is intended to serve all school administrators.

(b) It is the intent of the Legislature that a local educational agency give highest priority to training school administrators assigned to, and practicing in, high-priority or hard-to-staff schools.

SEC. 6. Section 44516 of the Education Code is amended to read:

44516. (a) By July 1, 2004, the department shall develop, subject to review and approval by the State Board of Education, an interim report for submission to the Legislature regarding the status of the program established pursuant to this article. The interim report shall, at a minimum, detail the following:

(1) The number of school administrators who received training offered pursuant to this article.

(2) The entities that received funds for the purpose of offering training pursuant to this article and the number of school administrators that each has trained.

(3) A comparison of the Academic Performance Index scores for schools within participating local educational agencies for the year before the school's administrators receive training pursuant to this article and for the first year after the school's administrators complete the training provided pursuant to this article.

(4) Relevant data required to be included in the school accountability report card pursuant to Section 33126.

(b) By July 1, 2005, the department shall develop, subject to review and approval by the State Board of Education, a second report for submission to the Legislature regarding the program established pursuant to this article. The second report shall, at a minimum, detail the following:

(1) The number of school administrators who received training offered pursuant to this article.

(2) The entities that received funds for the purpose of offering training pursuant to this article and the number of school administrators that each has trained.

(3) Information detailing the effectiveness of the program established pursuant to this article. This information, at a minimum, shall incorporate survey data concerning program effectiveness that has been gathered from program participants.

(4) Information detailing the retention rate of school administrators who participated in training offered pursuant to this article.

(5) A comparison of the Academic Performance Index scores for schools within participating local educational agencies for the year before the school's administrators receive training pursuant to this article and for the second year after the school's administrators complete the training provided pursuant to this article.

(6) Relevant data required to be included in the school accountability report card pursuant to Section 33126.

(c) By July 1, 2008, the department shall develop, subject to review and approval by the State Board of Education, an interim report for submission to the Legislature regarding the program established pursuant to this article. The interim report shall, at a minimum, detail the following:

(1) The number of school administrators who received training offered pursuant to this article.

(2) The entities that received funds for the purpose of offering training pursuant to this article and the number of school administrators that each has trained.

(3) Information detailing the effectiveness of the program established pursuant to this article. This information, at a minimum, shall incorporate survey data concerning program effectiveness that has been gathered from program participants.

(4) Information detailing the retention rate of school administrators who participated in training offered pursuant to this article.

(5) A comparison of the Academic Performance Index scores for schools within participating local educational agencies for the year before the school's administrators receive training pursuant to this article and for the second year after the school's administrators complete the training provided pursuant to this article.

(6) Relevant data required to be included in the school accountability report card pursuant to Section 33126.

(d) By January 30, 2013, the department shall develop, subject to review and approval by the State Board of Education, a final report for submission to the Legislature regarding the program established pursuant to this article. The final report shall, at a minimum, detail the following:

(1) The number of school administrators who received training offered pursuant to this article.

(2) The entities that received funds for the purpose of offering training pursuant to this article and the number of school administrators that each has trained.

(3) Information detailing the effectiveness of the program established pursuant to this article. This information, at a minimum, shall incorporate survey data concerning program effectiveness that has been gathered from program participants.

(4) Information detailing the retention rate of school administrators who participated in training offered pursuant to this article.

(5) A comparison of the Academic Performance Index scores for schools within participating local educational agencies for the year before the school's administrators receive training pursuant to this article and for the second year after the school's administrators complete the training provided pursuant to this article.

(6) Relevant data required to be included in the school accountability report card pursuant to Section 33126.

SEC. 7. Section 44517 of the Education Code is amended to read:

44517. This article shall become inoperative on July 1, 2012, and, as of January 1, 2013, is repealed, unless a later enacted statute, that

becomes operative on or before January 1, 2013, deletes or extends the dates on which it becomes inoperative and is repealed.

CHAPTER 365

An act to add and repeal Article 6 (commencing with Section 43860) of Chapter 4 of Part 5 of Division 26 of the Health and Safety Code, relating to air pollution.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Article 6 (commencing with Section 43860) is added to Chapter 4 of Part 5 of Division 26 of the Health and Safety Code, to read:

Article 6. Biodiesel and Biodiesel Blend Fuels

43860. (a) Any federal, state, or local agency, or any regulated utility, or any owner or operator of a solid waste collection vehicle or collection vehicle, as defined in Section 2021 of Title 13 of the California Code of Regulations, may utilize a biodiesel blend fuel consisting of not more than 20 percent biodiesel in any retrofitted vehicular or off-road diesel engine certified by the state board, whether or not biodiesel is expressly identified as a fuel for use with the retrofit system.

(b) For purposes of this section:

(1) "Biodiesel" means a fuel comprised of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, and meeting the requirements of the American Society for Testing and Materials (ASTM) D-6751.

(2) "Biodiesel blend" means a blend of biodiesel fuel meeting the requirements of the American Society for Testing and Materials (ASTM) D-6751 with California Air Resources Board (CARB) diesel fuel, designated BXX, where XX represents the volume percentage of biodiesel fuel in the blend.

(c) This article shall remain in effect until January 1, 2008, and on that date is repealed unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

CHAPTER 366

An act to amend and repeal Section 454.5 of, and to add Sections 454.55, 454.56, 1002.3, and 9615 to, the Public Utilities Code, relating to public utilities.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 454.5 of the Public Utilities Code, as added by Section 2 of Chapter 835 of the Statutes of 2002, is repealed.

SEC. 2. Section 454.5 of the Public Utilities Code, as added by Section 3 of Chapter 850 of the Statutes of 2002, is amended to read:

454.5. (a) The commission shall specify the allocation of electricity, including quantity, characteristics, and duration of electricity delivery, that the Department of Water Resources shall provide under its power purchase agreements to the customers of each electrical corporation, which shall be reflected in the electrical corporation's proposed procurement plan. Each electrical corporation shall file a proposed procurement plan with the commission not later than 60 days after the commission specifies the allocation of electricity. The proposed procurement plan shall specify the date that the electrical corporation intends to resume procurement of electricity for its retail customers, consistent with its obligation to serve. After the commission's adoption of a procurement plan, the commission shall allow not less than 60 days before the electrical corporation resumes procurement pursuant to this section.

(b) An electrical corporation's proposed procurement plan shall include, but not be limited to, all of the following:

(1) An assessment of the price risk associated with the electrical corporation's portfolio, including any utility-retained generation, existing power purchase and exchange contracts, and proposed contracts or purchases under which an electrical corporation will procure electricity, electricity demand reductions, and electricity-related products and the remaining open position to be served by spot market transactions.

(2) A definition of each electricity product, electricity-related product, and procurement related financial product, including support and justification for the product type and amount to be procured under the plan.

(3) The duration of the plan.

(4) The duration, timing, and range of quantities of each product to be procured.

(5) A competitive procurement process under which the electrical corporation may request bids for procurement-related services, including the format and criteria of that procurement process.

(6) An incentive mechanism, if any incentive mechanism is proposed, including the type of transactions to be covered by that mechanism, their respective procurement benchmarks, and other parameters needed to determine the sharing of risks and benefits.

(7) The upfront standards and criteria by which the acceptability and eligibility for rate recovery of a proposed procurement transaction will be known by the electrical corporation prior to execution of the transaction. This shall include an expedited approval process for the commission's review of proposed contracts and subsequent approval or rejection thereof. The electrical corporation shall propose alternative procurement choices in the event a contract is rejected.

(8) Procedures for updating the procurement plan.

(9) A showing that the procurement plan will achieve the following:

(A) The electrical corporation will, in order to fulfill its unmet resource needs and in furtherance of Section 701.3, until a 20 percent renewable resources portfolio is achieved, procure renewable energy resources with the goal of ensuring that at least an additional 1 percent per year of the electricity sold by the electrical corporation is generated from renewable energy resources, provided sufficient funds are made available pursuant to Section 399.6, to cover the above-market costs for new renewable energy resources.

(B) The electrical corporation will create or maintain a diversified procurement portfolio consisting of both short-term and long-term electricity and electricity-related and demand reductions products.

(C) The electrical corporation will first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.

(10) The electrical corporation's risk management policy, strategy, and practices, including specific measures of price stability.

(11) A plan to achieve appropriate increases in diversity of ownership and diversity of fuel supply of nonutility electrical generation.

(12) A mechanism for recovery of reasonable administrative costs related to procurement in the generation component of rates.

(c) The commission shall review and accept, modify, or reject each electrical corporation's procurement plan. The commission's review shall consider each electrical corporation's individual procurement situation, and shall give strong consideration to that situation in determining which one or more of the features set forth in this subdivision

shall apply to that electrical corporation. A procurement plan approved by the commission shall contain one or more of the following features, provided that the commission may not approve a feature or mechanism for an electrical corporation if it finds that the feature or mechanism would impair the restoration of an electrical corporation's creditworthiness or would lead to a deterioration of an electrical corporation's creditworthiness:

(1) A competitive procurement process under which the electrical corporation may request bids for procurement-related services. The commission shall specify the format of that procurement process, as well as criteria to ensure that the auction process is open and adequately subscribed. Any purchases made in compliance with the commission-authorized process shall be recovered in the generation component of rates.

(2) An incentive mechanism that establishes a procurement benchmark or benchmarks and authorizes the electrical corporation to procure from the market, subject to comparing the electrical corporation's performance to the commission-authorized benchmark or benchmarks. The incentive mechanism shall be clear, achievable, and contain quantifiable objectives and standards. The incentive mechanism shall contain balanced risk and reward incentives that limit the risk and reward of an electrical corporation.

(3) Upfront achievable standards and criteria by which the acceptability and eligibility for rate recovery of a proposed procurement transaction will be known by the electrical corporation prior to the execution of the bilateral contract for the transaction. The commission shall provide for expedited review and either approve or reject the individual contracts submitted by the electrical corporation to ensure compliance with its procurement plan. To the extent the commission rejects a proposed contract pursuant to this criteria, the commission shall designate alternative procurement choices obtained in the procurement plan that will be recoverable for ratemaking purposes.

(d) A procurement plan approved by the commission shall accomplish each of the following objectives:

(1) Enable the electrical corporation to fulfill its obligation to serve its customers at just and reasonable rates.

(2) Eliminate the need for after-the-fact reasonableness reviews of an electrical corporation's actions in compliance with an approved procurement plan, including resulting electricity procurement contracts, practices, and related expenses. However, the commission may establish a regulatory process to verify and assure that each contract was administered in accordance with the terms of the contract, and contract disputes which may arise are reasonably resolved.

(3) Ensure timely recovery of prospective procurement costs incurred pursuant to an approved procurement plan. The commission shall establish rates based on forecasts of procurement costs adopted by the commission, actual procurement costs incurred, or combination thereof, as determined by the commission. The commission shall establish power procurement balancing accounts to track the differences between recorded revenues and costs incurred pursuant to an approved procurement plan. The commission shall review the power procurement balancing accounts, not less than semiannually, and shall adjust rates or order refunds, as necessary, to promptly amortize a balancing account, according to a schedule determined by the commission. Until January 1, 2006, the commission shall ensure that any overcollection or undercollection in the power procurement balancing account does not exceed 5 percent of the electrical corporation's actual recorded generation revenues for the prior calendar year excluding revenues collected for the Department of Water Resources. The commission shall determine the schedule for amortizing the overcollection or undercollection in the balancing account to ensure that the 5 percent threshold is not exceeded. After January 1, 2006, this adjustment shall occur when deemed appropriate by the commission consistent with the objectives of this section.

(4) Moderate the price risk associated with serving its retail customers, including the price risk embedded in its long-term supply contracts, by authorizing an electrical corporation to enter into financial and other electricity-related product contracts.

(5) Provide for just and reasonable rates, with an appropriate balancing of price stability and price level in the electrical corporation's procurement plan.

(e) The commission shall provide for the periodic review and prospective modification of an electrical corporation's procurement plan.

(f) The commission may engage an independent consultant or advisory service to evaluate risk management and strategy. The reasonable costs of any consultant or advisory service is a reimbursable expense and eligible for funding pursuant to Section 631.

(g) The commission shall adopt appropriate procedures to ensure the confidentiality of any market sensitive information submitted in an electrical corporation's proposed procurement plan or resulting from or related to its approved procurement plan, including, but not limited to, proposed or executed power purchase agreements, data request responses, or consultant reports, or any combination, provided that the Office of Ratepayer Advocates and other consumer groups that are nonmarket participants shall be provided access to this information under confidentiality procedures authorized by the commission.

(h) Nothing in this section alters, modifies, or amends the commission's oversight of affiliate transactions under its rules and decisions or the commission's existing authority to investigate and penalize an electrical corporation's alleged fraudulent activities, or to disallow costs incurred as a result of gross incompetence, fraud, abuse, or similar grounds. Nothing in this section expands, modifies, or limits the State Energy Resources Conservation and Development Commission's existing authority and responsibilities as set forth in Sections 25216, 25216.5, and 25323 of the Public Resources Code.

(i) An electrical corporation that serves less than 500,000 electric retail customers within the state may file with the commission a request for exemption from this section, which the commission shall grant upon a showing of good cause.

(j) (1) Prior to its approval pursuant to Section 851 of any divestiture of generation assets owned by an electrical corporation on or after the date of enactment of the act adding this section, the commission shall determine the impact of the proposed divestiture on the electrical corporation's procurement rates and shall approve a divestiture only to the extent it finds, taking into account the effect of the divestiture on procurement rates, that the divestiture is in the public interest and will result in net ratepayer benefits.

(2) Any electrical corporation's procurement necessitated as a result of the divestiture of generation assets on or after the effective date of the act adding this subdivision shall be subject to the mechanisms and procedures set forth in this section only if its actual cost is less than the recent historical cost of the divested generation assets.

(3) Notwithstanding paragraph (2), the commission may deem proposed procurement eligible to use the procedures in this section upon its approval of asset divestiture pursuant to Section 851.

SEC. 3. Section 454.55 is added to the Public Utilities Code, immediately following Section 454.5, to read:

454.55. The commission, in consultation with the State Energy Resources Conservation and Development Commission, shall identify all potentially achievable cost-effective electricity efficiency savings and establish efficiency targets for an electrical corporation to achieve pursuant to Section 454.5.

SEC. 4. Section 454.56 is added to the Public Utilities Code, to read:

454.56. (a) The commission, in consultation with the State Energy Resources Conservation and Development Commission, shall identify all potentially achievable cost-effective natural gas efficiency savings and establish efficiency targets for the gas corporation to achieve.

(b) A gas corporation shall first meet its unmet resource needs through all available natural gas efficiency and demand reduction resources that are cost effective, reliable, and feasible.

SEC. 5. Section 1002.3 is added to the Public Utilities Code, to read:

1002.3. In considering an application for a certificate for an electric transmission facility pursuant to Section 1001, the commission shall consider cost-effective alternatives to transmission facilities that meet the need for an efficient, reliable, and affordable supply of electricity, including, but not limited to, demand-side alternatives such as targeted energy efficiency, ultraclean distributed generation, as defined in Section 353.2, and other demand reduction resources.

SEC. 6. Section 9615 is added to the Public Utilities Code, to read:

9615. (a) Each local publicly owned electric utility, in procuring energy, shall first acquire all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.

(b) Each local publicly owned electric utility shall report annually to its customers and to the State Energy Resources Conservation and Development Commission, its investment in energy efficiency and demand reduction programs. A report shall contain a description of programs, expenditures, and expected and actual energy savings results.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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

CHAPTER 367

An act to add Sections 380 and 9620 to the Public Utilities Code, relating to electricity.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 380 is added to the Public Utilities Code, to read:

380. (a) The commission, in consultation with the Independent System Operator, shall establish resource adequacy requirements for all load-serving entities.

(b) In establishing resource adequacy requirements, the commission shall achieve all of the following objectives:

(1) Facilitate development of new generating capacity and retention of existing generating capacity that is economic and needed.

(2) Equitably allocate the cost of generating capacity and prevent shifting of costs between customer classes.

(3) Minimize enforcement requirements and costs.

(c) Each load-serving entity shall maintain physical generating capacity adequate to meet its load requirements, including, but not limited to, peak demand and planning and operating reserves. The generating capacity shall be deliverable to locations and at times as may be necessary to provide reliable electric service.

(d) Each load-serving entity shall, at a minimum, meet the most recent minimum planning reserve and reliability criteria approved by the Board of Trustees of the Western Systems Coordinating Council or the Western Electricity Coordinating Council.

(e) The commission shall implement and enforce the resource adequacy requirements established in accordance with this section in a nondiscriminatory manner. Each load-serving entity shall be subject to the same requirements for resource adequacy and the renewables portfolio standard program that are applicable to electrical corporations pursuant to this section, or otherwise required by law, or by order or decision of the commission. The commission shall exercise its enforcement powers to ensure compliance by all load-serving entities.

(f) The commission shall require sufficient information, including, but not limited to, anticipated load, actual load, and measures undertaken by a load-serving entity to ensure resource adequacy, to be reported to enable the commission to determine compliance with the resource adequacy requirements established by the commission.

(g) An electrical corporation's costs of meeting resource adequacy requirements, including, but not limited to, the costs associated with system reliability and local area reliability, that are determined to be reasonable by the commission, or are otherwise recoverable under a procurement plan approved by the commission pursuant to Section 454.5, shall be fully recoverable from those customers on whose behalf the costs are incurred, as determined by the commission, at the time the

commitment to incur the cost is made or thereafter, on a fully nonbypassable basis, as determined by the commission. The commission shall exclude any amounts authorized to be recovered pursuant to Section 366.2 when authorizing the amount of costs to be recovered from customers of a community choice aggregator or from customers that purchase electricity through a direct transaction pursuant to this subdivision.

(h) The commission shall determine and authorize the most efficient and equitable means for achieving all of the following:

(1) Meeting the objectives of this section.

(2) Ensuring that investment is made in new generating capacity.

(3) Ensuring that existing generating capacity that is economic is retained.

(4) Ensuring that the cost of generating capacity is allocated equitably.

(i) In making the determination pursuant to subdivision (h), the commission may consider a centralized resource adequacy mechanism among other options.

(j) For purposes of this section, "load-serving entity" means an electrical corporation, electric service provider, or community choice aggregator. "Load-serving entity" does not include any of the following:

(1) A local publicly owned electric utility as defined in Section 9604.

(2) The State Water Resources Development System commonly known as the State Water Project.

(3) Customer generation located on the customer's site or providing electric service through arrangements authorized by Section 218, if the customer generation, or the load it serves, meets one of the following criteria:

(A) It takes standby service from the electrical corporation on a commission-approved rate schedule that provides for adequate backup planning and operating reserves for the standby customer class.

(B) It is not physically interconnected to the electric transmission or distribution grid, so that, if the customer generation fails, backup electricity is not supplied from the electricity grid.

(C) There is physical assurance that the load served by the customer generation will be curtailed concurrently and commensurately with an outage of the customer generation.

SEC. 2. Section 9620 is added to the Public Utilities Code, to read:

9620. (a) Each local publicly owned electric utility serving end-use customers, shall prudently plan for and procure resources that are adequate to meet its planning reserve margin and peak demand and operating reserves, sufficient to provide reliable electric service to its customers. Customer generation located on the customer's site or providing electric service through arrangements authorized by Section

218, shall not be subject to these requirements if the customer generation, or the load it serves, meets one of the following criteria:

(1) It takes standby service from the local publicly owned electric utility on a rate schedule that provides for adequate backup planning and operating reserves for the standby customer class.

(2) It is not physically interconnected to the electric transmission or distribution grid, so that, if the customer generation fails, backup power is not supplied from the electricity grid.

(3) There is physical assurance that the load served by the customer generation will be curtailed concurrently and commensurately with an outage of the customer generation.

(b) Each local publicly owned electric utility serving end-use customers shall, at a minimum, meet the most recent minimum planning reserve and reliability criteria approved by the Board of Trustees of the Western Systems Coordinating Council or the Western Electricity Coordinating Council.

(c) A local publicly owned electric utility serving end-use customers shall, upon request, provide the State Energy Resources Conservation and Development Commission with any information the State Energy Resources Conservation and Development Commission determines is necessary to evaluate the progress made by the local publicly owned electric utility in meeting the requirements of this section.

(d) The State Energy Resources Conservation and Development Commission shall report to the Legislature, to be included in each integrated energy policy report prepared pursuant to Section 25302 of the Public Resources Code, regarding the progress made by each local publicly owned electric utility serving end-use customers in meeting the requirements of this section.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because certain 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.

As to certain other costs, no reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level

of service mandated by this act, within the meaning of Section 17556 of the Government Code.

CHAPTER 368

An act to add Section 141 to the Water Code, relating to the State Water Project.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. The Legislature finds and declares that it is in the interest of the state to conserve resources and to promote projects that further that interest.

SEC. 2. Section 141 is added to the Water Code, to read:

141. (a) The department may establish a program to authorize private entities to lease space above or adjacent to appropriate conveyance facilities of the State Water Project for the purpose of installing solar photovoltaic panels and systems for generating electricity from those panels and transferring electricity through the related systems. Upon request, the department shall evaluate proposals for installing solar photovoltaic panels and related systems for the generation and transfer of electricity. A proposal submitted to the department for evaluation shall include, but need not be limited to, an engineering study of the proposed solar photovoltaic panels and related systems and an evaluation of the effect the solar photovoltaic panels and related systems may have on water supply, water quality, worker safety, and liability considerations. The costs of the engineering study and the department's evaluation shall be paid by the person or entity making the request.

(b) After approval of a proposal as described in subdivision (a), the department may negotiate any level of compensation for an agreement for the installation of solar photovoltaic panels and related systems that is equal to, or greater than, the cost to the department of meeting its obligations under the agreement. These costs shall include, but are not limited to, the costs of operating and maintaining State Water Project facilities and lease administration that are directly related to the lease and use of the conveyance facilities.

CHAPTER 369

An act to amend Section 2827.9 of the Public Utilities Code, relating to electricity.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 2827.9 of the Public Utilities Code is amended to read:

2827.9. (a) (1) The Legislature finds and declares that a pilot program to provide net energy metering for eligible biogas digester customer-generators would enhance the continued diversification of California's energy resource mix and would encourage the installation of livestock air emission controls that the State Air Resources Board believes may produce multiple environmental benefits.

(2) The Legislature further finds and declares that the net energy metering pilot program authorized pursuant to this section for eligible biogas digester customer-generators, which nets out generation charges against generation charges on a time-of-use basis, furthers the intent of Chapter 7 of the Statutes of 2001, First Extraordinary Session, by facilitating the implementation of energy efficiency programs in order to reduce consumption of energy, reduce the costs associated with energy demand, and achieve a reduction in peak electricity demand.

(b) As used in this section, the following definitions apply:

(1) "Electrical corporation" means an electrical corporation, as defined in Section 218.

(2) (A) "Eligible biogas digester customer-generator" means a customer of an electrical corporation that meets both of the following criteria:

(i) Uses a biogas digester electrical generating facility with a capacity of not more than one megawatt that is located on or adjacent to the customer's owned, leased, or rented premises, is interconnected and operates in parallel with the electric grid, and is sized to offset part or all of the eligible biogas digester customer-generator's own electrical requirements.

(ii) Is the recipient of local, state, or federal funds, or who self-finances pilot projects designed to encourage the development of eligible biogas digester electrical generating facilities.

(B) Notwithstanding subparagraph (A), up to three large biogas digester electrical generating facilities with a generating capacity of

more than one megawatt and not more than 10 megawatts, otherwise meeting the criteria of this section, shall be eligible for participation in the pilot program.

(3) "Eligible biogas digester electrical generating facility" means a generating facility used to produce electricity by either a manure methane production project or as a byproduct of the anaerobic digestion of biosolids and animal waste.

(4) "Net energy metering" means measuring the difference between the electricity supplied through the electric grid and the difference between the electricity generated by an eligible biogas digester customer-generator and fed back to the electric grid over a 12-month period as described in subdivision (e). Net energy metering shall be accomplished using a time-of-use meter capable of registering the flow of electricity in two directions. If the existing electrical meter of an eligible biogas digester customer-generator is not capable of measuring the flow of electricity in two directions, the eligible biogas digester customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters are installed, the net energy metering calculation shall yield a result identical to that of a time-of-use meter.

(c) Every electrical corporation shall file with the commission a standard tariff providing for net energy metering for eligible biogas digester customer-generators, consistent with this section. Every electrical corporation shall make this tariff available to eligible biogas digester customer-generators upon request, on a first-come-first-served basis, until the combined statewide cumulative rated generating capacity used by the eligible biogas digester customer-generators in the service territories of the three largest electrical corporations in the state reaches 50 megawatts. An eligible biogas digester customer-generator shall be eligible for the tariff for the life of the eligible biogas digester electrical generating facility.

(d) Each net energy metering contract or tariff shall be identical, with respect to rate structure, all retail rate components, and any monthly charges, to the contract or tariff to which the same customer would be assigned if the customer was not an eligible biogas digester customer-generator, except as set forth in subdivision (e). Any new or additional demand charge, standby charge, customer charge, minimum monthly charge, interconnection charge, or other charge that would increase an eligible biogas digester customer-generator's costs beyond those of other customers in the rate class to which the eligible biogas digester customer-generator would otherwise be assigned are contrary

to the intent of this legislation, and shall not form a part of net energy metering tariffs.

(e) The net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electric grid over a 12-month period. The following rules shall apply to the annualized metering calculation:

(1) The eligible biogas digester customer-generator shall, at the end of each 12-month period following the date of final interconnection of the eligible biogas digester customer-generator's system with an electrical corporation, and at each anniversary date thereafter, be billed for electricity used during that period. The electrical corporation shall determine if the eligible biogas digester customer-generator was a net consumer or a net producer of electricity during that period. For purposes of determining if the biogas digester customer-generator was a net consumer or a net producer of electricity during that period, the electrical corporation shall aggregate the electrical load of a dairy operation under the same ownership, including, but not limited to, the electrical load attributable to milking operations, milk refrigeration, and water pumping located on property adjacent or contiguous to the dairy. Each aggregated account shall be billed and measured according to a time-of-use rate schedule.

(2) At the end of each 12-month period, where the electricity supplied during the period by the electrical corporation exceeds the electricity generated by the eligible biogas digester customer-generator during that same period, the eligible biogas digester customer-generator is a net electricity consumer and the electrical corporation shall be owed compensation for the eligible biogas digester customer-generator's net kilowatthour consumption over that same period. The compensation owed for the eligible biogas digester customer-generator's consumption shall be calculated as follows:

(A) The generation charges for any net monthly consumption of electricity shall be calculated according to the terms of the tariff to which the same customer would be assigned to or be eligible for if the customer was not an eligible biogas digester customer-generator. When those eligible biogas digester customer-generators are net generators during any discrete time-of-use period, the net kilowatthours produced shall be valued at the same price per kilowatthour as the electrical corporation would charge for retail kilowatthour sales for generation, exclusive of any surcharges, during that same time-of-use period. If the eligible biogas digester customer-generator's time-of-use electrical meter is unable to measure the flow of electricity in two directions, paragraph (4) of

subdivision (b) shall apply. All other charges, other than generation charges, shall be calculated in accordance with the eligible biogas digester customer-generator's applicable tariff and based on the total killowatthours delivered by the electrical corporation to the eligible biogas digester customer-generator. To the extent that charges for transmission and distribution services are recovered through demand charges in any particular month, no standby reservation charges shall apply in that monthly billing cycle.

(B) The net balance of moneys owed shall be paid in accordance with the electrical corporation's normal billing cycle.

(3) At the end of each 12-month period, where the electricity generated by the eligible biogas digester customer-generator during the 12-month period exceeds the electricity supplied by the electrical corporation during that same period, the eligible biogas digester customer-generator is a net electricity producer and the electrical corporation shall retain any excess kilowatthours generated during the prior 12-month period. The eligible biogas digester customer-generator shall not be owed any compensation for those excess kilowatthours.

(4) If an eligible biogas digester customer-generator terminates service with the electrical corporation, the electrical corporation shall reconcile the eligible biogas digester customer-generator's consumption and production of electricity during any 12-month period.

(f) No biogas digester electrical generating facility shall be eligible for participation in the tariff established pursuant to this section, that has not commenced operation by December 31, 2009. A biogas digester customer-generator shall be eligible for the tariff established pursuant to this section, only for the operating life of the eligible biogas digester electrical generating facility.

(g) No biogas digester electrical generating facility that is subject to the best available control technology (BACT) requirements shall be eligible for participation in the tariff pursuant to this section unless the biogas digester electrical generating facility has installed the best available control technology as required by the regional air pollution control district at the time of installation to ensure the maximum feasible reductions in toxic and criteria pollutants.

(h) On or before December 31, 2008, the commission, in collaboration with the State Air Resources Board, shall report to the Legislature all of the following information:

(1) The impact of the pilot program on emissions of air pollutants.

(2) The impact of the pilot program on the reliability of the transmission and distribution grid.

(3) The impact of the pilot program on ratepayers.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 370

An act to amend Sections 851 and 853 of the Public Utilities Code, relating to the regulation of public utilities.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 851 of the Public Utilities Code is amended to read:

851. No public utility other than a common carrier by railroad subject to Part I of the Interstate Commerce Act (49 U.S.C. Sec. 10101 et seq.) shall sell, lease, assign, mortgage, or otherwise dispose of or encumber the whole or any part of its railroad, street railroad, line, plant, system, or other property necessary or useful in the performance of its duties to the public, or any franchise or permit or any right thereunder, nor by any means whatsoever, directly or indirectly, merge or consolidate its railroad, street railroad, line, plant, system, or other property, or franchises or permits or any part thereof, with any other public utility, without first having either secured an order from the commission authorizing it to do so for qualified transactions valued above five million dollars ($5,000,000), or for qualified transactions valued at five million dollars ($5,000,000) or less, filed an advice letter and obtained a resolution from the commission authorizing it to do so. The commission shall determine the types of transactions valued at five million dollars ($5,000,000) or less, that qualify for advice letter handling. For a qualified transaction valued at five million dollars ($5,000,000) or less, the commission may designate a procedure different than the advice letter procedure if it determines that the transaction warrants a more comprehensive review. Absent protest or incomplete documentation, the commission shall approve or deny the advice letter within 120 days of its filing by the

applicant public utility. The commission shall reject any advice letter that seeks to circumvent the five million dollars ($5,000,000) threshold by dividing what is a single asset with a value of more than five million dollars ($5,000,000), into component parts, each valued at less than five million dollars ($5,000,000). Every sale, lease, assignment, mortgage, disposition, encumbrance, merger, or consolidation made other than in accordance with the advice letter and resolution from the commission authorizing it is void. The permission and approval of the commission to the exercise of a franchise or permit under Article 1 (commencing with Section 1001) of Chapter 5 of this part, or the sale, lease, assignment, mortgage, or other disposition or encumbrance of a franchise or permit under this article shall not revive or validate any lapsed or invalid franchise or permit, or enlarge or add to the powers or privileges contained in the grant of any franchise or permit, or waive any forfeiture.

Nothing in this section shall prevent the sale, lease, encumbrance or other disposition by any public utility of property that is not necessary or useful in the performance of its duties to the public, and any disposition of property by a public utility shall be conclusively presumed to be of property that is not useful or necessary in the performance of its duties to the public, as to any purchaser, lessee or encumbrancer dealing with that property in good faith for value, provided that nothing in this section shall apply to the interchange of equipment in the regular course of transportation between connecting common carriers.

SEC. 2. Section 853 of the Public Utilities Code is amended to read:

853. (a) This article does not apply to any person or corporation which transacts no business subject to regulation under this part, except performing services or delivering commodities for or to public utilities or municipal corporations or other public agencies primarily for resale or use in serving the public or any portion thereof, but shall apply to any public utility, and any subsidiary or affiliate of, or corporation holding a controlling interest in, a public utility, if the commission finds, in a proceeding to which the public utility is or may become a party, that the application of this article is required by the public interest.

(b) The commission may from time to time by order or rule, and subject to those terms and conditions as may be prescribed therein, exempt any public utility or class of public utility from this article if it finds that the application thereof with respect to the public utility or class of public utility is not necessary in the public interest. The commission may establish rules or impose requirements deemed necessary to protect the interest of the customers or subscribers of the public utility or class of public utility exempted under this subdivision. These rules or requirements may include, but are not limited to, notification of a

proposed sale or transfer of assets or stock and provision for refunds or credits to customers or subscribers.

(c) The provisions of Sections 851 and 854 that prohibit any assignment, acquisition, or change of control without advance authorization from the commission, do not apply to the transfer of the ownership interest in a water utility, with 10,000 or fewer service connections, from a decedent to a member of the decedent's family in the manner provided in Section 240 of the Probate Code or by a will, trust, or other instrument.

(d) It is the intent of the Legislature that transactions with monetary values that materially impact a public utility's rate base should not qualify for expedited advice letter treatment pursuant to this article. It is the further intent of the Legislature that the commission maintain all of its oversight and review responsibilities subject to the California Environmental Quality Act, and that public utility transactions that jurisdictionally trigger a review under the act should not qualify for expedited advice letter treatment pursuant to this article.

CHAPTER 371

An act to add Article 6.5 (commencing with Section 43865) to Chapter 4 of Part 5 of Division 26 of the Health and Safety Code, relating to air pollution.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Article 6.5 (commencing with Section 43865) is added to Chapter 4 of Part 5 of Division 26 of the Health and Safety Code, to read:

Article 6.5. Alternative Fuels

43865. The Legislature finds and declares all of the following:

(a) The production, marketing, and use of petroleum fuels in California causes significant degradation of public health and environmental quality due to releases of air and water pollutants.

(b) Clean alternative fuels have the potential to considerably reduce these impacts and are important strategies for the state to attain its air and water quality goals.

(c) Research, development, and commercialization of alternative fuels in California have the potential to strengthen California's economy by providing job growth and helping to reduce the state's vulnerability to petroleum price volatility.

(d) The State Energy Resources Conservation and Development Commission and the State Air Resources Board have previously recommended in their report to the Legislature, "Reducing California's Petroleum Dependency" in August 2003, that the state adopt a goal of 20 percent nonpetroleum fuel use in the year 2020 and 30 percent in the year 2030.

43866. Not later than June 30, 2007, the State Energy Resources Conservation and Development Commission, in partnership with the state board, and in consultation with the State Water Resources Control Board, the Department of Food and Agriculture, and other relevant state agencies, shall develop and adopt a state plan to increase the use of alternative transportation fuels.

(a) The plan shall include an evaluation of alternative fuels on a full fuel-cycle assessment of emissions of criteria air pollutants, air toxics, greenhouse gases, water pollutants, and other substances that are known to damage human health, impacts on petroleum consumption, and other matters the state board deems necessary.

(b) The plan shall set goals for the years 2012, 2017, and 2022 for increased alternative fuel use in the state that accomplishes all of the following:

(1) Optimizes the environmental and public health benefits of alternative fuels, including, but not limited to, reductions in criteria air pollutants, greenhouse gases, and water pollutants consistent with existing or future state board regulations in the most cost-effective manner possible.

(2) Ensures that there is no net material increase in air pollution, water pollution, or any other substances that are known to damage human health.

(3) Minimizes the economic costs to the state, if any.

(4) Maximizes the economic benefits of producing alternative fuels in the state.

(5) Considers issues related to consumer acceptance and costs and identifies methods to overcome any barriers to alternative fuel use.

(c) The plan shall recommend policies to ensure alternative fuel goals are attained, including, but not limited to:

(1) Standards on transportation fuels and vehicles.

(2) Requirements, financial incentives, and other policy mechanisms to ensure that vehicles capable of operating on alternative fuels use those fuels to the maximum extent feasible.

(3) Requirements, financial incentives, and other policy mechanisms to ensure that alternative fuel fueling stations are available to drivers of alternative fuel vehicles.

(4) Incentives, requirements, programs, or other mechanisms to encourage the research, development, demonstration, commercialization, manufacturing, or production of vehicles that use alternative fuels.

43867. For the purposes of this article, the following terms have the following meanings:

(a) "Alternative fuel" means a nonpetroleum fuel, including electricity, ethanol, biodiesel, hydrogen, methanol, or natural gas that, when used in vehicles, has demonstrated, to the satisfaction of the state board, to have the ability to meet applicable vehicular emission standards. For the purpose of this section, alternative fuel may also include petroleum fuel blended with nonpetroleum constituents, such as E85 or B20.

(b) "Full fuel-cycle assessment" means evaluating and comparing the full environmental and health impacts of each step in the life cycle of a fuel, including, but not limited to, all of the following:

(1) Feedstock extraction, transport, and storage.

(2) Fuel production, distribution, transport, and storage.

(3) Vehicle operation, including refueling, combustion or conversion, and evaporation.

CHAPTER 372

An act to amend Section 321.6 of, and to add Section 322.5 to, the Public Utilities Code, relating to public utilities.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

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

(a) It is in the interest of the people of the state of California that the Public Utilities Commission refrain from requiring public utilities to deliver paper copies of information supplied to the commission when that information can be made available to the commission electronically.

(b) Allowing public utilities to make information requested by the commission available electronically will help decrease the costs of regulation by reducing the need to reproduce, on paper, one or more copies of reports and other information for use by the commission.

(c) It is in the interest of the state's economy that the businesses that fuel that economy be allowed to interact with government in the most efficient manner. Authorizing businesses to supply information requested by regulatory agencies via the Internet promotes that goal.

SEC. 2. Section 321.6 of the Public Utilities Code is amended to read:

321.6. The commission shall develop, publish, and annually update an annual work plan that describes in clear detail the scheduled ratemaking proceedings and other decisions that may be considered by the commission during the calendar year. The plan shall include, but is not limited to, information on how members of the public and ratepayers can gain access to the commission's ratemaking process and information regarding the specific matters to be decided. The plan shall also include information on the operation of the office of the public advisor and identify the names and telephone numbers of those contact persons responsible for specific cases and matters to be decided. The commission shall post the plan under the Official Documents area of its Internet Web site and shall develop a program to disseminate the information in the plan utilizing computer mailing lists to provide regular updates on the information to those members of the public and organizations which request that information. The annual work plan shall be transmitted to the Legislature between January 15 and February 1 of each year.

SEC. 3. Section 322.5 is added to the Public Utilities Code, to read:

322.5. The commission shall determine, as part of the proceeding in Rulemaking 98-07-038 (Rulemaking for purposes of Revising General Order 96-A Regarding Informal Filings at the Commission) or any other appropriate proceeding, as determined by the commission, the feasibility of submitting advice letters to the commission through electronic means. If determined to be feasible, the commission shall, within six months, propose a plan for submitting advice letters by electronic means. For purposes of this section, "electronic means" include electronic mail and electronic forms developed or approved by the commission and submitted through the commission's Internet Web site.

CHAPTER 373

An act to add and repeal Section 379.7 of the Public Utilities Code, relating to electricity.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 379.7 is added to the Public Utilities Code, to read:

379.7. (a) The Legislature finds and declares that the demonstration project authorized pursuant to this section, at the Antelope Valley Fairgrounds, to determine actual energy and cost savings that may be achieved when investments are made onsite to both reduce overall electricity demand and to offset peak electricity demand through the installation of (1) cost-effective energy efficient equipment and fixtures, and (2) a photovoltaic solar energy system, will provide valuable empirical data upon which to optimize future ratepayer investments in cost-effective energy efficiency and photovoltaic solar systems.

(b) (1) The demonstration project authorized pursuant to this section shall be referred to as the Antelope Valley Fairgrounds EE and PV Synergy Demonstration Project.

(2) To ensure that potential energy and cost savings from cost-effective energy efficient equipment and fixtures are achieved, the Antelope Valley Fairgrounds shall do both of the following:

(A) Implement the recommendations of the energy audit performed on July 27, 2004.

(B) Include cost-effective energy efficient equipment and fixtures in all future expansions of the fairgrounds.

(3) To ensure that potential energy and cost savings are achieved from a photovoltaic solar energy system of up to 630 kilowatts installed at the Antelope Valley Fairgrounds, the photovoltaic solar energy system shall meet both of the following criteria:

(A) Be installed in a manner that optimizes operating efficiency, including appropriate siting.

(B) Consist of components that are new and unused and have a warranty of not less than 10 years to protect against defects and undue degradation of electrical generation output.

(c) An electrical corporation providing electrical service to the Antelope Valley Fairgrounds shall, by February 1, 2006, file with the commission a tariff providing for an incentive rate consistent with this section. The incentive rate shall provide stability and certainty over a 10-year period in an amount and in a manner to support investment in, and to test the durability of, the photovoltaic solar energy system installed at the fairgrounds. The incentive rate, together with an incentive from the self-generation incentive program that recognizes the energy efficiency investments made at the fairgrounds as authorized pursuant to Section 379.6, shall provide for a 10-year payback period for the

photovoltaic solar energy system. The incentive rate shall not result in any cost shifting among customer classes of the electrical corporation.

(d) Actual energy and cost savings shall be determined through annual energy audits and ongoing metering of electricity used and electricity produced on a time-of-use basis.

(e) The demonstration project will be complete 10 years from the date the Antelope Valley Fairgrounds first takes electrical service pursuant to the incentive rate required by this section.

(f) Biennial reports shall be submitted to the commission and to the Legislature by the Antelope Valley Fairgrounds. The reports shall include actual recorded electricity usage by the fairgrounds and electricity produced by the photovoltaic solar energy system at the fairgrounds, on a time-of-use basis. A final report shall be submitted to the commission and to the Legislature within six months of the conclusion of the demonstration project. The final report shall include an analysis of the energy and cost savings achieved at the fairgrounds, the effectiveness of combining investment in energy efficiency and a photovoltaic solar energy system on the same site, the performance and durability of the photovoltaic solar energy system over the life of the demonstration project, and recommendations for optimizing ratepayer investment in energy efficiency and photovoltaic solar energy systems.

(g) This section shall remain in effect only until January 1, 2017, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2017, deletes or extends that date.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 374

An act to add Section 454.6 to the Public Utilities Code, relating to public utilities.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

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

(a) It is in the public interest for the state's electricity generating facilities to provide clean, reliable, efficient, and affordable electricity to the state's electricity consumers.

(b) Certain existing electric generating facilities are strategically located and interconnected to gas transmission pipelines and the electric transmission system in a manner that optimizes their reliability, deliverability, their cost-effectiveness, and their ability to deliver electricity to load centers.

(c) Many of these existing electric generating facilities exhibit less than optimal environmental performance, reliability, and efficiency compared to facilities that have been more recently permitted to operate.

(d) According to the State Energy Resources Conservation and Development Commission, a number of these older, less efficient electric generating facilities are at a high risk of being retired in the next several years. As a result, their generating capacity, which establishes a valuable reserve margin for the state, helps to provide local reliability and voltage support, and alleviates transmission congestion, may no longer be available.

(e) Because of their strategic location and existing infrastructure, it is in the best interest of the state to encourage the replacement or repowering of these facilities.

(f) Investment in replacement or repowered electric generating facilities replaces our aging facilities with more efficient and cost-effective facilities that enhance environmental quality and provide economic benefits to the communities in which they are located.

(g) Therefore, it is in the public interest for the state to facilitate investment in the replacement or repowering of older, less-efficient electric generating facilities in order to improve local area reliability and enhance the environmental performance, reliability, efficiency, and cost-effectiveness of these facilities.

(h) An effective means for facilitating that investment, while ensuring adequate ratepayer protection, is to authorize electrical corporations to enter into long-term contracts for the electricity generated from these facilities on a cost-of-service basis.

(i) Contracts approved by the Public Utilities Commission and certificates approved by the Energy Commission for the replacement or repowering of older, less-efficient electric generating facilities should achieve improvements in environmental performance to the maximum extent practicable, including reductions in air emissions and water use and discharge, compared to the replaced or repowered facility.

SEC. 2. Section 454.6 is added to the Public Utilities Code, to read:

454.6. (a) A contract entered into pursuant to Section 454.5 by an electrical corporation for the electricity generated by a replacement or repowering project that meets the criteria specified in subdivision (b) shall be recoverable in rates, taking into account any collateral requirements and debt equivalence associated with the contract, in a manner determined by the commission to provide the best value to ratepayers.

(b) To be eligible for rate treatment in accordance with subdivision (a), a contract shall be for a project which meets all of the following criteria:

(1) The project is a replacement or repowering of an existing generation unit of a thermal powerplant.

(2) The project complies with all applicable requirements of federal, state, and local laws.

(3) The project will not require significant additional rights-of-way for electrical or fuel-related transmission facilities.

(4) The project will result in significant and substantial increases in the efficiency of the production of electricity.

(5) The Independent System Operator or local system operator certifies that the project is needed for local area reliability.

(6) The project provides electricity to consumers of this state at the cost of generating that electricity, including a reasonable return on the investment and the costs of financing the project.

SEC. 3. The State Energy Resources Conservation and Development Commission, in consultation with the State Water Resources Control Board, in the integrated energy policy report to be adopted November 1, 2007, pursuant to Section 25302 of the Public Resources Code, shall include a review of the progress made toward implementing the performance standards adopted by the Administrator of the Environmental Protection Agency pursuant to Section 316 of the federal Water Pollution Control Act (33 U.S.C. Secs. 13161 and 1326) for electrical generating facilities requiring certificates pursuant to Chapter 6 (commencing with Section 25500) of Division 15 of the Public Resources Code.

CHAPTER 375

An act to amend Section 14556.33 of the Government Code, and to add Sections 188.6, 30952.1, 30952.2, 30952.3, and 30961.1 to the Streets and Highways Code, relating to transportation, making an

appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 14556.33 of the Government Code is amended to read:

14556.33. (a) A regional or local entity that is a lead applicant agency under Article 5 (commencing with Section 14556.40), may apply to the commission for a letter of no prejudice for the project. If approved by the commission, the letter of no prejudice allows the regional or local entity to expend its own funds for any component of the transportation project.

(b) The amount expended under subdivision (a) shall be reimbursed by the state if all of the following conditions are met:

(1) The project is included in an adopted regional transportation plan.

(2) The department makes an allocation for the project pursuant to Section 14556.20.

(3) The expenditures made by the regional or local entity are eligible for reimbursement in accordance with state and federal laws and procedures. In the event expenditures made by the regional or local entity are determined to be ineligible, the state has no obligation to reimburse those expenditures.

(4) The regional or local entity complies with all legal requirements for the project, including the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(c) Upon execution of an agreement with the department to transfer reimbursement funds for a project described in subdivision (a), the commission may delay reimbursement pursuant to this section only if cash-management issues prevent immediate repayment.

(d) The commission, in consultation with regional and local entities, and the department, may develop guidelines to implement this section.

(e) Commencing with the 2006-07 fiscal year, the commission shall review and revise its guidelines to assure that lead applicant agencies which have received letters of no prejudice as of June 30, 2005, are reimbursed on an equitable basis that serves the interest of the entire state transportation program, taking into account various factors, including, but not limited to, all of the following:

(1) The impact on allocations for other projects funded under Article 5.

(2) The cash flow requirements necessary for projects in Article 5.

(3) The extent to which the agencies have had to defer other high priority STIP or TCRP projects because of advancing their own funds.

(4) The extent to which reimbursements would be spent on the construction phase of other STIP or TCRP projects.

(5) Any adverse impact on the agency's other high priority projects of postponing reimbursement until project completion as opposed to allowing payment to be made based upon the amount of funds expended on eligible costs for a project, payment to be made upon the documentation of those eligible costs.

(6) The level of commitment made by the agency in expending its own funds for any component of a transportation project under Article 5.

(f) In revising its guidelines pursuant to subdivision (e), the commission shall not increase the maximum percentage of funding allocated for reimbursement under this section beyond the maximum percentage in effect in its guidelines as of June 30, 2005.

SEC. 1.5. Section 188.6 is added to the Streets and Highways Code, to read:

188.6. (a) (1) The Legislature finds and declares that on August 16, 2004, the department reported to the Legislature that the funds identified in Section 188.5 are insufficient to complete the state toll bridge seismic retrofit program, including the replacement of the east span of the San Francisco-Oakland Bay Bridge, due to cost overruns for the program now estimated at three billion six hundred million dollars ($3,600,000,000).

(2) By enacting this section, it is the intent of the Legislature to identify additional funds from various sources, as described in subdivision (b), in order to fund this shortfall and so that the toll bridge seismic retrofit and replacement program, as described in Section 188.5, as that section read on January 1, 2005, may proceed to completion without further costly delay.

(b) The following amounts from the following funds shall be allocated until expended in order to eliminate the shortfall identified in subdivision (a) and to complete the seismic retrofit or replacement of state-owned toll bridges as expeditiously as possible:

(1) Not less than two billion one hundred fifty million dollars ($2,150,000,000) from the Bay Area Toll Account, derived from an additional one dollar ($1) surcharge on the state-owned toll bridges within the geographic jurisdiction of the Metropolitan Transportation Commission to be effective no sooner than January 1, 2007.

(2) Not less than eight hundred twenty million dollars ($820,000,000) for the seismic retrofit or replacement of the state-owned toll bridges in the geographic jurisdiction of the Metropolitan Transportation Commission made available through the consolidation of all toll revenues under the management of the Bay Area Toll Authority and from the authorization for the authority to refinance debt secured by toll revenues.

(3) The amount of three hundred million dollars ($300,000,000) to fund the cost of demolition of the existing east span of the San Francisco-Oakland Bay Bridge from funding sources supporting the state highway operations and protection program, from available state resources from transportation project savings, or from the federal Highway Bridge Replacement and Rehabilitation Program.

(4) The amount of three hundred thirty million dollars ($330,000,000) from the following accounts:

(A) One hundred thirty million dollars ($130,000,000) from the State Highway Account from accumulated savings by the department achieved from better efficiency, operational savings, and lower costs.

(B) One hundred twenty-five million dollars ($125,000,000) of any excess funds that would otherwise have been transferred in the 2006-07 fiscal year pursuant to subparagraph (F) of paragraph (1) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, as amended by Senate Bill 62 or Assembly Bill 127 of the 2005-06 Regular Session, shall instead be transferred to the Bay Area Toll Account and are hereby appropriated to the department for the purposes of this section. If sufficient funds are not available from this source for this purpose during the 2006-07 fiscal year, the funding required under this paragraph shall be made available from additional accumulated savings by the department achieved from better efficiency, operational savings, or lower costs pursuant to subparagraph (A), or from the federal Highway Bridge Replacement and Rehabilitation Program or the State Highway Account, as determined by the department in consultation with, and with approval of, the California Transportation Commission.

(C) Seventy-five million dollars ($75,000,000) from the fund reserve in the Motor Vehicle Account for the 2005-06 fiscal year which is hereby appropriated.

(c) If the amount of the overruns estimated by the department, as described in subdivision (a), is less than three billion six hundred million dollars ($3,600,000,000), the savings shall be shared between the state and the authority in the same proportion as their proportional contribution to the estimated cost overruns, as provided in paragraphs (1), (3), and (4) of subdivision (b).

(d) If the actual amount of the overruns exceeds the amount estimated by the department, as described in subdivision (a), the authority shall

utilize funds generated under the powers granted to it in Sections 30886, 30950.2, 30954, 30961, and 31011 by the act adding this section in the 2005-06 Regular Session to provide additional financial resources to complete the state toll bridge seismic retrofit program.

(e) Funds made available under this section and Section 188.5 for the replacement of the east span of the San Francisco-Oakland Bay Bridge shall only be expended for the structure described in paragraph (9) of subdivision (b) of Section 188.5 as that section read on January 1, 2005.

SEC. 2. Section 30952.1 is added to the Streets and Highways Code, to read:

30952.1. (a) The authority and the department shall establish a Toll Bridge Program Oversight Committee, which shall consist of the director, the authority's executive director, and the Executive Director of the California Transportation Commission. The committee may establish a project management team to assist it in performing the duties required of it under this section and Section 30952.05.

(b) The Toll Bridge Program Oversight Committee shall review project status, program costs, and schedules; resolve project issues; evaluate project changes; develop and regularly update cost estimates, risk assessments, and cashflow requirements for all phases of the toll bridge projects; and provide program direction.

(c) In addition to the duties described in subdivision (b), the committee shall review project staffing levels and structures, and consultant and contractor services related to the Benicia-Martinez Bridge construction project, as described in Section 30917, and the state toll bridge seismic retrofit program, as described in Section 188.5.

(d) Expenses incurred by the department, the authority, and the California Transportation Commission for costs directly related to duties required by this section, Section 30952, and Section 30952.05 shall be reimbursed by toll revenue collected pursuant to Section 30916, 31010, or 31011.

(e) The Toll Bridge Program Oversight Committee is not a state body as that term is defined in Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code or a local agency as that term is defined in the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

SEC. 3. Section 30952.2 is added to the Streets and Highways Code, to read:

30952.2. (a) The department shall provide monthly reports to the Toll Bridge Program Oversight Committee, including, but not limited to, the construction status, actual expenditures, and forecasted costs and

schedules for the Benicia-Martinez Bridge construction project and the state toll bridge seismic retrofit program projects.

(b) (1) Commencing August 15, 2005, and quarterly thereafter until completion of all applicable projects, the Toll Bridge Program Oversight Committee shall provide quarterly reports within 45 days of the end of each quarter to the transportation and fiscal committees of both houses of the Legislature and the California Transportation Commission for the toll bridge seismic retrofit program in subdivision (a) of Section 188.5.

(2) The report shall include details of each toll bridge seismic retrofit project and all information necessary to clearly describe the status of the project, including, but not limited to, all of the following:

(A) A progress report.

(B) The baseline budget for capital and capital outlay support costs for the revised program cost estimate, as described in Section 188.6.

(C) The current or projected budget for capital and capital outlay support costs.

(D) Expenditures to date for capital and capital outlay support costs.

(E) A comparison of the current or projected schedule and the baseline schedule that was assumed.

(F) A summary of milestones achieved during the quarterly period and any issues identified and actions taken to address those issues.

(G) A summary of the expenses incurred by the Toll Bridge Program Oversight Committee to perform the duties required by Sections 30952.05 and 30952.1.

(H) A summary of the incentives, disincentives, and criteria for each utilized by the department, and the expenses incurred by the department, pursuant to Section 30952.3.

(3) The report described in paragraph (1) shall also include a programwide summary of the program's budget status for capital and capital outlay support costs.

SEC. 4. Section 30952.3 is added to the Streets and Highways Code, to read:

30952.3. Notwithstanding any other provision of law, the department may, from the resources provided in, and for the purpose of, Sections 188.5 and 188.6, include incentives or disincentives, or both, to maximize the number of bidders participating in a bid process relative to toll bridge seismic retrofit and replacement projects, and to encourage the timely and thorough completion of contracts awarded for those projects.

SEC. 5. Section 30961.1 is added to the Streets and Highways Code, to read:

30961.1. Not later than December 31, 2005, the California Transportation Commission, in consultation with the department and the authority, shall adopt a schedule for the payment of the remaining

state contributions identified in Sections 188.5 and 188.6 for the toll bridge seismic retrofit and replacement projects identified in Section 188.5. The schedule shall include the timing and sources of the state contributions to the state toll bridge seismic retrofit and replacement program. The schedule shall provide for the state contributions to be made available for expenditure commencing in the fiscal year 2005-06, and in a manner that distributes the state contributions over the years during which construction of the toll bridge seismic retrofit and replacement program occurs, ensures that the state contributions provide a timely balance between those sources and the contribution from toll revenues, and, to the extent possible, minimizes the impact on state transportation programs. The schedule shall include and make available for expenditure, the state contribution identified in subparagraph (B) of paragraph (8) of subdivision (b) of Section 188.5 commencing in fiscal year 2008-09, and shall distribute it over that fiscal year and each of the fiscal years during which construction of the state toll bridge seismic retrofit and replacement program occurs. The California Transportation Commission, in consultation with the department and the authority, may update and revise the schedule as it determines is necessary.

SEC. 6. If Assembly Bill No. 144 of the 2005-06 Regular Session is also enacted and becomes operative, Sections 3, 8, 9, 10, and 14 of that act shall become inoperative upon the enactment of this act.

SEC. 7. 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.

SEC. 8. 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 financing necessary to complete the state-owned toll bridge seismic retrofit and replacement program as quickly as possible, it is necessary that this act take effect immediately.

CHAPTER 376

An act to amend and repeal Section 20133 of the Public Contract Code, relating to public contracts.

[Approved by Governor September 29, 2005. Filed with
Secretary of State September 29, 2005.]

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

SECTION 1. Section 20133 of the Public Contract Code is amended to read:

20133. (a) (1) This section provides for an alternative procedure on bidding on building construction projects with costs over two million five hundred thousand dollars ($2,500,000) applicable only in the Counties of Alameda, Butte, Contra Costa, El Dorado, Fresno, Kings, Madera, Mariposa, Merced, Monterey, Orange, Placer, Sacramento, San Diego, San Joaquin, San Luis Obispo, Santa Clara, Shasta, Siskiyou, Solano, Sonoma, Stanislaus, Tulare, and Yuba, upon approval of the appropriate board of supervisors.

(2) These counties may award the project using either the lowest responsible bidder or by best value.

(b) (1) It is the intent of the Legislature to enable these counties to utilize cost-effective options for building and modernizing public facilities. It is not the intent of the Legislature to authorize this procedure for transportation facilities, including, but not limited to, roads and bridges.

(2) The Legislature also finds and declares that utilizing a design-build contract requires a clear understanding of the roles and responsibilities of each participant in the design-build process. The Legislature also finds that the cost-effective benefits to the counties are achieved by shifting the liability and risk for cost containment and project completion to the design-build entity.

(3) It is the intent of the Legislature to provide an alternative and optional procedure for bidding and building construction projects for these counties.

(4) The design-build approach may be used, but is not limited to use when it is anticipated that it will: reduce project cost, expedite project completion, or provide design features not achievable through the design-bid-build method.

(5) If the board of supervisors elects to proceed under this section, the board of supervisors shall establish and enforce for design-build projects a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code, or it shall contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to any project where the county or the design-build entity has

entered into any collective bargaining agreement or agreements that bind all of the contractors performing work on the projects.

(c) As used in this section:

(1) "Best value" means a value determined by objective criteria related to price, features, functions, and life-cycle costs.

(2) "Design-build" means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) "Design-build entity" means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services as needed pursuant to a design-build contract.

(4) "Project" means the construction of a building and improvements directly related to the construction of a building, but does not include the construction of other infrastructure, including, but not limited to, streets and highways, public rail transit, or water resources facilities and infrastructure.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The county shall prepare a set of documents setting forth the scope of the project. The documents may include, but are not limited to, the size, type and desired design character of the buildings and site, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the county's needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(B) Any architect or engineer retained by the county to assist in the development of the project specific documents shall not be eligible to participate in the preparation of a bid with any design-build entity for that project.

(2) (A) Based on the documents prepared in paragraph (1), the county shall prepare a request for proposals that invites interested parties to submit competitive sealed proposals in the manner prescribed by the county. The request for proposals shall include, but is not limited to, the following elements:

(i) Identification of the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the county to inform interested parties of the contracting opportunity, to include the methodology that will be used by the county to evaluate proposals and specifically if the contract will be awarded to the lowest responsible bidder.

(ii) Significant factors which the county reasonably expects to consider in evaluating proposals, including cost or price and all nonprice related factors.

(iii) The relative importance of weight assigned to each of the factors identified in the request for proposals.

(B) With respect to clause (iii) of subparagraph (A), if a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors other than cost or price when combined are:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(C) If the county chooses to reserve the right to hold discussions or negotiations with responsive bidders, it shall so specify in the request for proposal and shall publish separately or incorporate into the request for proposal applicable rules and procedures to be observed by the county to ensure that any discussions or negotiations are conducted in good faith.

(3) (A) The county shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the county. In preparing the questionnaire, the county shall consult with the construction industry, including representatives of the building trades and surety industry. This questionnaire shall require information including, but not limited to, all of the following:

(i) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members known at the time of bid submission who will participate in the design-build contract, including, but not limited to, mechanical subcontractors.

(ii) Evidence that the members of the design-build entity have completed, or demonstrated the experience, competency, capability, and capacity to complete projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, as well as a financial statement that assures the county that the design-build entity has the capacity to complete the project.

(iii) The licenses, registration, and credentials required to design and construct the project, including information on the revocation or suspension of any license, credential, or registration.

(iv) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(v) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1

(commencing with Section 6300) of Division 5 of the Labor Code or the federal Occupational Safety and Health Act of 1970 (Public Law 91-596), settled against any member of the design-build entity, and information concerning workers' compensation experience history and worker safety program.

(vi) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance where an entity, its owners, officers, or managing employees submitted a bid on a public works project and were found to be nonresponsive, or were found by an awarding body not to be a responsible bidder.

(vii) Any instance where the entity, its owner, officers, or managing employees defaulted on a construction contract.

(viii) Any violations of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), excluding alleged violations of federal or state law including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of Federal Insurance Contribution Act (FICA) withholding requirements settled against any member of the design-build entity.

(ix) Information concerning the bankruptcy or receivership of any member of the design-build entity, including information concerning any work completed by a surety.

(x) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars ($50,000). Information shall also be provided concerning any work completed by a surety during this period.

(xi) In the case of a partnership or other association, that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all partners or association members agree to be fully liable for the performance under the design-build contract.

(B) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5, Division 7, Title 1 of the Government Code) shall not be open to public inspection.

(4) The county shall establish a procedure for final selection of the design-build entity. Selection shall be based on either of the following criteria:

(A) A competitive bidding process resulting in lump-sum bids by the prequalified design-build entities. Awards shall be made to the lowest responsible bidder.

(B) A county may use a design-build competition based upon best value and other criteria set forth in paragraph (2) of subdivision (d). The design-build competition shall include the following elements:

(i) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposal. However, the following minimum factors shall each represent at least 10 percent of the total weight of consideration given to all criteria factors; price, technical design and construction expertise, life cycle costs over 15 years or more, skilled labor force availability, and acceptable safety record.

(ii) Once the evaluation is complete, the top three responsive bidders shall be ranked sequentially from the most advantageous to the least.

(iii) The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing, to be the most advantageous.

(iv) Notwithstanding any provision of this code, upon issuance of a contract award, the county shall publicly announce its award, identifying the contractor to whom the award is made, along with a written decision supporting its contract award and stating the basis of the award. The notice of award shall also include the county's second and third ranked design-build entities.

(v) For the purposes of this paragraph, "skilled labor force availability" shall be determined by the existence of an agreement with a registered apprenticeship program, approved by the California Apprenticeship Council, which has graduated apprentices in each of the preceding five years. This graduation requirement shall not apply to programs providing apprenticeship training for any craft that has been deemed by the Department of Labor and the Department of Industrial Relations to be an apprenticeable craft in the five years prior to enactment of this act.

(vi) For the purposes of this paragraph, a bidder's "safety record" shall be deemed "acceptable" if their experience modification rate for the most recent three-year period is an average of 1.00 or less, and their average Total Recordable Injury/Illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category or if the bidder is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code.

(e) (1) Any design-build entity that is selected to design and build a project pursuant to this section shall possess or obtain sufficient bonding to cover the contract amount for nondesign services, and errors and omission insurance coverage sufficient to cover all design and

architectural services provided in the contract. This section does not prohibit a general or engineering contractor from being designated the lead entity on a design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(2) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the county.

(f) All subcontractors that were not listed by the design-build entity in accordance with clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the county in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the county.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) The minimum performance criteria and design standards established pursuant to paragraph (1) of subdivision (d) shall be adhered to by the design-build entity. Any deviations from those standards may only be allowed by written consent of the county.

(h) The county may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this section.

(i) Contracts awarded pursuant to this section shall be valid until the project is completed.

(j) Nothing in this section is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(k) (1) If the county elects to award a project pursuant to this section retention proceeds withheld by the county from the design-build entity shall not exceed 5 percent if a performance and payment bond, issued by an admitted surety insurer, is required in the solicitation of bids.

(2) In a contract between the design-build entity and the subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld may not exceed the percentage specified in the contract between the county and the design-build entity. If the design-build entity provides written notice to any subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond

to the design-build entity, then the design-build entity may withhold retention proceeds in excess of the percentage specified in the contract between the county and the design-build entity from any payment made by the design-build entity to the subcontractor.

(*l*) Each county that elects to proceed under this section and uses the design-build method on a public works project shall submit to the Legislative Analyst's Office before December 1, 2009, a report containing a description of each public works project procured through the design-build process and completed after November 1, 2004, and before November 1, 2009. The report shall include, but shall not be limited to, all of the following information:

(1) The type of project.

(2) The gross square footage of the project.

(3) The design-build entity that was awarded the project.

(4) The estimated and actual length of time to complete the project.

(5) The estimated and actual project costs.

(6) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the design-build project, including the resolution of the protests.

(7) An assessment of the prequalification process and criteria.

(8) An assessment of the effect of retaining 5-percent retention on the project.

(9) A description of the Labor Force Compliance Program and an assessment of the project impact, where required.

(10) A description of the method used to award the contract. If best value was the method, the report shall describe the factors used to evaluate the bid, including the weighting of each factor and an assessment of the effectiveness of the methodology.

(11) An assessment of the project impact of "skilled labor force availability."

(12) An assessment of the design-build dollar limits on county projects. This assessment shall include projects where the county wanted to use design-build and was precluded by the dollar limitation. This assessment shall also include projects where the best value method was not used due to dollar limitations.

(13) An assessment of the most appropriate uses for the design-build approach.

(m) Any county named in subdivision (a) that elects to not use the authority granted by this section may submit a report to the Legislative Analyst's Office explaining why the county elected to not use the design-build method.

(n) On or before January 1, 2010, the Legislative Analyst shall report to the Legislature on the use of the design-build method by counties

pursuant to this section, including the information listed in subdivision (*l*). The report may include recommendations for modifying or extending this section.

(o) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 1.5. Section 20133 of the Public Contract Code is amended to read:

20133. (a) (1) This section provides for an alternative procedure on bidding on building construction projects in excess of two million five hundred thousand dollars ($2,500,000) applicable only in the Counties of Alameda, Butte, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Kings, Los Angeles, Madera, Mariposa, Mendocino, Merced, Monterey, Napa, Orange, Placer, Sacramento, San Diego, San Joaquin, San Luis Obispo, Santa Clara, Shasta, Siskiyou, Solano, Sonoma, Stanislaus, Tulare, Yolo, and Yuba, upon approval of the appropriate board of supervisors.

(2) These counties may award the project using either the lowest responsible bidder or by best value.

(b) (1) It is the intent of the Legislature to enable these counties to utilize cost-effective options for building and modernizing public facilities. It is not the intent of the Legislature to authorize this procedure for transportation facilities, including, but not limited to, roads and bridges.

(2) The Legislature also finds and declares that utilizing a design-build contract requires a clear understanding of the roles and responsibilities of each participant in the design-build process. The Legislature also finds that the cost-effective benefits to the counties are achieved by shifting the liability and risk for cost containment and project completion to the design-build entity.

(3) It is the intent of the Legislature to provide an alternative and optional procedure for bidding and building construction projects for these counties.

(4) The design-build approach may be used, but is not limited to use when it is anticipated that it will: reduce project cost, expedite project completion, or provide design features not achievable through the design-bid-build method.

(5) If the board of supervisors elects to proceed under this section, the board of supervisors shall establish and enforce for design-build projects a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code, or it shall contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall

not apply to any project where the county or the design-build entity has entered into any collective bargaining agreement or agreements that bind all of the contractors performing work on the projects.

(c) As used in this section:

(1) "Best value" means a value determined by objective criteria related to price, features, functions, and life-cycle costs.

(2) "Design-build" means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) "Design-build entity" means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services as needed pursuant to a design-build contract.

(4) "Project" means the construction of a building and improvements directly related to the construction of a building, but does not include the construction of other infrastructure, including, but not limited to, streets and highways, public rail transit, or water resources facilities and infrastructure.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The county shall prepare a set of documents setting forth the scope of the project. The documents may include, but are not limited to, the size, type and desired design character of the buildings and site, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the county's needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(B) Any architect or engineer retained by the county to assist in the development of the project specific documents shall not be eligible to participate in the preparation of a bid with any design-build entity for that project.

(2) (A) Based on the documents prepared in paragraph (1), the county shall prepare a request for proposals that invites interested parties to submit competitive sealed proposals in the manner prescribed by the county. The request for proposals shall include, but is not limited to, the following elements:

(i) Identification of the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the county to inform interested parties of the contracting opportunity, to include the methodology that will be used by the county to evaluate proposals and specifically if the contract will be awarded to the lowest responsible bidder.

(ii) Significant factors which the county reasonably expects to consider in evaluating proposals, including cost or price and all nonprice related factors.

(iii) The relative importance of weight assigned to each of the factors identified in the request for proposals.

(B) With respect to clause (iii) of subparagraph (A), if a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors other than cost or price when combined are:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(C) If the county chooses to reserve the right to hold discussions or negotiations with responsive bidders, it shall so specify in the request for proposal and shall publish separately or incorporate into the request for proposal applicable rules and procedures to be observed by the county to ensure that any discussions or negotiations are conducted in good faith.

(3) (A) The county shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the county. In preparing the questionnaire, the county shall consult with the construction industry, including representatives of the building trades and surety industry. This questionnaire shall require information including, but not limited to, all of the following:

(i) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members known at the time of bid submission who will participate in the design-build contract, including, but not limited to, mechanical subcontractors.

(ii) Evidence that the members of the design-build entity have completed, or demonstrated the experience, competency, capability, and capacity to complete projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, as well as a financial statement that assures the county that the design-build entity has the capacity to complete the project.

(iii) The licenses, registration, and credentials required to design and construct the project, including information on the revocation or suspension of any license, credential, or registration.

(iv) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(v) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1

(commencing with Section 6300) of Division 5 of the Labor Code or the federal Occupational Safety and Health Act of 1970 (Public Law 91-596), settled against any member of the design-build entity, and information concerning workers' compensation experience history and worker safety program.

(vi) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance where an entity, its owners, officers, or managing employees submitted a bid on a public works project and were found to be nonresponsive, or were found by an awarding body not to be a responsible bidder.

(vii) Any instance where the entity, its owner, officers, or managing employees defaulted on a construction contract.

(viii) Any violations of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), excluding alleged violations of federal or state law including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of Federal Insurance Contribution Act (FICA) withholding requirements settled against any member of the design-build entity.

(ix) Information concerning the bankruptcy or receivership of any member of the design-build entity, including information concerning any work completed by a surety.

(x) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars ($50,000). Information shall also be provided concerning any work completed by a surety during this period.

(xi) In the case of a partnership or other association, that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all partners or association members agree to be fully liable for the performance under the design-build contract.

(B) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5, Division 7, Title 1 of the Government Code) shall not be open to public inspection.

(4) The county shall establish a procedure for final selection of the design-build entity. Selection shall be based on either of the following criteria:

(A) A competitive bidding process resulting in lump-sum bids by the prequalified design-build entities. Awards shall be made to the lowest responsible bidder.

(B) A county may use a design-build competition based upon best value and other criteria set forth in paragraph (2) of subdivision (d). The design-build competition shall include the following elements:

(i) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposal. However, the following minimum factors shall each represent at least 10 percent of the total weight of consideration given to all criteria factors; price, technical design and construction expertise, life cycle costs over 15 years or more, skilled labor force availability, and acceptable safety record.

(ii) Once the evaluation is complete, the top three responsive bidders shall be ranked sequentially from the most advantageous to the least.

(iii) The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing, to be the most advantageous.

(iv) Notwithstanding any provision of this code, upon issuance of a contract award, the county shall publicly announce its award, identifying the contractor to whom the award is made, along with a written decision supporting its contract award and stating the basis of the award. The notice of award shall also include the county's second and third ranked design-build entities.

(v) For the purposes of this paragraph, "skilled labor force availability" shall be determined by the existence of an agreement with a registered apprenticeship program, approved by the California Apprenticeship Council, which has graduated apprentices in each of the preceding five years. This graduation requirement shall not apply to programs providing apprenticeship training for any craft that has been deemed by the Department of Labor and the Department of Industrial Relations to be an apprenticeable craft in the five years prior to enactment of this act.

(vi) For the purposes of this paragraph, a bidder's "safety record" shall be deemed "acceptable" if their experience modification rate for the most recent three-year period is an average of 1.00 or less, and their average Total Recordable Injury/Illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category or if the bidder is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code.

(e) (1) Any design-build entity that is selected to design and build a project pursuant to this section shall possess or obtain sufficient bonding to cover the contract amount for nondesign services, and errors and omission insurance coverage sufficient to cover all design and

architectural services provided in the contract. This section does not prohibit a general or engineering contractor from being designated the lead entity on a design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(2) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the county.

(f) All subcontractors that were not listed by the design-build entity in accordance with clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the county in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the county.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) The minimum performance criteria and design standards established pursuant to paragraph (1) of subdivision (d) shall be adhered to by the design-build entity. Any deviations from those standards may only be allowed by written consent of the county.

(h) The county may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this section.

(i) Contracts awarded pursuant to this section shall be valid until the project is completed.

(j) Nothing in this section is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(k) (1) If the county elects to award a project pursuant to this section retention proceeds withheld by the county from the design-build entity shall not exceed 5 percent if a performance and payment bond, issued by an admitted surety insurer, is required in the solicitation of bids.

(2) In a contract between the design-build entity and the subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld may not exceed the percentage specified in the contract between the county and the design-build entity. If the design-build entity provides written notice to any subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond

to the design-build entity, then the design-build entity may withhold retention proceeds in excess of the percentage specified in the contract between the county and the design-build entity from any payment made by the design-build entity to the subcontractor.

(*l*) Each county that elects to proceed under this section and uses the design-build method on a public works project shall submit to the Legislative Analyst's Office before December 1, 2009, a report containing a description of each public works project procured through the design-build process and completed after November 1, 2004, and before November 1, 2009. The report shall include, but shall not be limited to, all of the following information:

(1) The type of project.

(2) The gross square footage of the project.

(3) The design-build entity that was awarded the project.

(4) The estimated and actual length of time to complete the project.

(5) The estimated and actual project costs.

(6) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the design-build project, including the resolution of the protests.

(7) An assessment of the prequalification process and criteria.

(8) An assessment of the effect of retaining 5-percent retention on the project.

(9) A description of the Labor Force Compliance Program and an assessment of the project impact, where required.

(10) A description of the method used to award the contract. If best value was the method, the report shall describe the factors used to evaluate the bid, including the weighting of each factor and an assessment of the effectiveness of the methodology.

(11) An assessment of the project impact of "skilled labor force availability."

(12) An assessment of the design-build dollar limits on county projects. This assessment shall include projects where the county wanted to use design-build and was precluded by the dollar limitation. This assessment shall also include projects where the best value method was not used due to dollar limitations.

(13) An assessment of the most appropriate uses for the design-build approach.

(m) Any county named in subdivision (a) that elects to not use the authority granted by this section may submit a report to the Legislative Analyst's Office explaining why the county elected to not use the design-build method.

(n) On or before January 1, 2010, the Legislative Analyst shall report to the Legislature on the use of the design-build method by counties

pursuant to this section, including the information listed in subdivision (*l*). The report may include recommendations for modifying or extending this section.

(o) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 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 need to build and modernize public facilities in a cost-effective manner in Butte, El Dorado, Fresno, Kings, Madera, Mariposa, Merced, Monterey, Orange, Placer, San Diego, San Joaquin, San Luis Obispo, Shasta, Siskiyou, Stanislaus, and Yuba Counties.

SEC. 2.5. 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 need to build and modernize public facilities in a cost-effective manner in Butte, Del Norte, El Dorado, Fresno, Humboldt, Kings, Los Angeles, Madera, Mariposa, Mendocino, Merced, Monterey, Napa, Orange, Placer, San Diego, San Joaquin, San Luis Obispo, Shasta, Siskiyou, Stanislaus, Yolo, and Yuba Counties.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 20133 of the Public Contract Code proposed by both this bill and Assembly Bill 1511. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 20133 of the Public Contract Code, and (3) this bill is enacted after Assembly Bill 1511, in which case Sections 1 and 2 of this bill shall not become operative and Sections 1.5 and 2.5 of this bill shall become operative.

SEC. 4. It is the intent of the Legislature that this bill shall not become operative unless both this bill and Assembly Bill 1511 are both chaptered and become effective January 1, 2006. If Assembly Bill 1511 is not chaptered and does not become effective January 1, 2006, this bill shall not become operative.

CHAPTER 377

An act to add Section 8687.7 to the Government Code, relating to emergency services.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 8687.7 is added to the Government Code, to read:

8687.7. (a) As used in this section, the following terms have the following meanings:

(1) "Community" means a geographic area impacted by an emergency proclaimed by the Governor that includes the jurisdiction of one or more local agencies.

(2) "Community recovery partners" means local, state, and federal agencies, private nonprofit organizations, nongovernmental agencies, faith-based organizations, and other private entities.

(b) The office may establish a model process that would be made available to assist a community in recovering from an emergency proclaimed by the Governor. The model process may include the following:

(1) The role of the office in the community recovery process.

(2) Procedures for the office to have representation onsite as soon as practicable after the Governor proclaims a state of emergency.

(3) The role of the office to facilitate the use of temporary services, including, but not limited to, direct assistance to individuals, families, and businesses, crisis counseling, disaster unemployment assistance, food and clothing vouchers, communications systems, replacement of personal identification documents, provision of potable water, housing, farm service assistance, tax relief, insurance, and legal services.

(4) The role of the office to facilitate the establishment of temporary structures, including local assistance centers, showers and bathroom facilities, and temporary administrative offices.

(5) Measures to encourage the participation of nongovernmental organizations in the community recovery process to supplement recovery activities undertaken by federal or local agencies.

(6) The office may refer the model process to the standardized Emergency Management System (SEMS) Advisory Board, or any other advisory board it deems appropriate, for review and modifications.

(7) It is the intent of the Legislature that the model process assists and complements local procedures. The model process should allow the office to offer additional assistance when that assistance is needed but not available through local agencies.

CHAPTER 378

An act to amend Section 602 of the Penal Code, relating to crime.

[Approved by Governor September 29, 2005. Filed with
Secretary of State September 29, 2005.]

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

SECTION 1. Section 602 of the Penal Code is amended to read:

602. Except as provided in paragraph (2) of subdivision (v), subdivision (x), and Section 602.8, every person who willfully commits a trespass by any of the following acts is guilty of a misdemeanor:

(a) Cutting down, destroying, or injuring any kind of wood or timber standing or growing upon the lands of another.

(b) Carrying away any kind of wood or timber lying on those lands.

(c) Maliciously injuring or severing from the freehold of another anything attached to it, or its produce.

(d) Digging, taking, or carrying away from any lot situated within the limits of any incorporated city, without the license of the owner or legal occupant, any earth, soil, or stone.

(e) Digging, taking, or carrying away from land in any city or town laid down on the map or plan of the city, or otherwise recognized or established as a street, alley, avenue, or park, without the license of the proper authorities, any earth, soil, or stone.

(f) Maliciously tearing down, damaging, mutilating, or destroying any sign, signboard, or notice placed upon, or affixed to, any property belonging to the state, or to any city, county, city and county, town or village, or upon any property of any person, by the state or by an automobile association, which sign, signboard or notice is intended to indicate or designate a road, or a highway, or is intended to direct travelers from one point to another, or relates to fires, fire control, or any other matter involving the protection of the property, or putting up, affixing, fastening, printing, or painting upon any property belonging to the state, or to any city, county, town, or village, or dedicated to the public, or upon any property of any person, without license from the owner, any notice, advertisement, or designation of, or any name for any commodity, whether for sale or otherwise, or any picture, sign, or device intended to call attention to it.

(g) Entering upon any lands owned by any other person whereon oysters or other shellfish are planted or growing; or injuring, gathering, or carrying away any oysters or other shellfish planted, growing, or on any of those lands, whether covered by water or not, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(h) (1) Entering upon lands or buildings owned by any other person without the license of the owner or legal occupant, where signs forbidding trespass are displayed, and whereon cattle, goats, pigs, sheep, fowl, or any other animal is being raised, bred, fed, or held for the purpose of food for human consumption; or injuring, gathering, or carrying away any animal being housed on any of those lands, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(2) In order for there to be a violation of this subdivision, the trespass signs under paragraph (1) must be displayed at intervals not less than three per mile along all exterior boundaries and at all roads and trails entering the land.

(3) This subdivision shall not be construed to preclude prosecution or punishment under any other provision of law, including, but not limited to, grand theft or any provision that provides for a greater penalty or longer term of imprisonment.

(i) Willfully opening, tearing down, or otherwise destroying any fence on the enclosed land of another, or opening any gate, bar, or fence of another and willfully leaving it open without the written permission of the owner, or maliciously tearing down, mutilating, or destroying any sign, signboard, or other notice forbidding shooting on private property.

(j) Building fires upon any lands owned by another where signs forbidding trespass are displayed at intervals not greater than one mile along the exterior boundaries and at all roads and trails entering the lands, without first having obtained written permission from the owner of the lands or the owner's agent, or the person in lawful possession.

(k) Entering any lands, whether unenclosed or enclosed by fence, for the purpose of injuring any property or property rights or with the intention of interfering with, obstructing, or injuring any lawful business or occupation carried on by the owner of the land, the owner's agent or by the person in lawful possession.

(*l*) Entering any lands under cultivation or enclosed by fence, belonging to, or occupied by, another, or entering upon uncultivated or unenclosed lands where signs forbidding trespass are displayed at intervals not less than three to the mile along all exterior boundaries and at all roads and trails entering the lands without the written permission of the owner of the land, the owner's agent or of the person in lawful possession, and

(1) Refusing or failing to leave the lands immediately upon being requested by the owner of the land, the owner's agent or by the person in lawful possession to leave the lands, or

(2) Tearing down, mutilating, or destroying any sign, signboard, or notice forbidding trespass or hunting on the lands, or

(3) Removing, injuring, unlocking, or tampering with any lock on any gate on or leading into the lands, or

(4) Discharging any firearm.

(m) Entering and occupying real property or structures of any kind without the consent of the owner, the owner's agent, or the person in lawful possession.

(n) Driving any vehicle, as defined in Section 670 of the Vehicle Code, upon real property belonging to, or lawfully occupied by, another and known not to be open to the general public, without the consent of the owner, the owner's agent, or the person in lawful possession. This subdivision shall not apply to any person described in Section 22350 of the Business and Professions Code who is making a lawful service of process, provided that upon exiting the vehicle, the person proceeds immediately to attempt the service of process, and leaves immediately upon completing the service of process or upon the request of the owner, the owner's agent, or the person in lawful possession.

(o) Refusing or failing to leave land, real property, or structures belonging to or lawfully occupied by another and not open to the general public, upon being requested to leave by (1) a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, or (2) the owner, the owner's agent, or the person in lawful possession. The owner, the owner's agent, or the person in lawful possession shall make a separate request to the peace officer on each occasion when the peace officer's assistance in dealing with a trespass is requested. However, a single request for a peace officer's assistance may be made to cover a limited period of time not to exceed 30 days and identified by specific dates, during which there is a fire hazard or the owner, owner's agent or person in lawful possession is absent from the premises or property. In addition, a single request for a peace officer's assistance may be made for a period not to exceed six months when the premises or property is closed to the public and posted as being closed. However, this subdivision shall not be applicable to persons engaged in lawful labor union activities which are permitted to be carried out on the property by the California Agricultural Labor Relations Act, Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code, or by the National Labor Relations Act. For purposes of this section, land, real property, or structures owned or operated by any housing authority for tenants as defined under Section 34213.5 of the Health and Safety Code constitutes property not open to the general public; however,

this subdivision shall not apply to persons on the premises who are engaging in activities protected by the California or United States Constitution, or to persons who are on the premises at the request of a resident or management and who are not loitering or otherwise suspected of violating or actually violating any law or ordinance.

(p) Entering upon any lands declared closed to entry as provided in Section 4256 of the Public Resources Code, if the closed areas shall have been posted with notices declaring the closure, at intervals not greater than one mile along the exterior boundaries or along roads and trails passing through the lands.

(q) Refusing or failing to leave a public building of a public agency during those hours of the day or night when the building is regularly closed to the public upon being requested to do so by a regularly employed guard, watchman, or custodian of the public agency owning or maintaining the building or property, if the surrounding circumstances would indicate to a reasonable person that the person has no apparent lawful business to pursue.

(r) Knowingly skiing in an area or on a ski trail which is closed to the public and which has signs posted indicating the closure.

(s) Refusing or failing to leave a hotel or motel, where he or she has obtained accommodations and has refused to pay for those accommodations, upon request of the proprietor or manager, and the occupancy is exempt, pursuant to subdivision (b) of Section 1940 of the Civil Code, from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code. For purposes of this subdivision, occupancy at a hotel or motel for a continuous period of 30 days or less shall, in the absence of a written agreement to the contrary, or other written evidence of a periodic tenancy of indefinite duration, be exempt from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

(t) Entering upon private property, including contiguous land, real property, or structures thereon belonging to the same owner, whether or not generally open to the public, after having been informed by a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, that the property is not open to the particular person; or refusing or failing to leave the property upon being asked to leave the property in the manner provided in this subdivision.

This subdivision shall apply only to a person who has been convicted of a violent felony, as specified in subdivision (c) of Section 667.5, committed upon the particular private property. A single notification or request to the person as set forth above shall be valid and enforceable

under this subdivision unless and until rescinded by the owner, the owner's agent, or the person in lawful possession of the property.

(u) (1) Knowingly entering, by an unauthorized person, upon any airport operations area if the area has been posted with notices restricting access to authorized personnel only and the postings occur not greater than every 150 feet along the exterior boundary.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) By a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the airport operations area after being requested to leave by a peace officer or authorized personnel.

(C) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, for a second or subsequent offense.

(3) As used in this subdivision the following definitions shall control:

(A) "Airport operations area" means that part of the airport used by aircraft for landing, taking off, surface maneuvering, loading and unloading, refueling, parking, or maintenance, where aircraft support vehicles and facilities exist, and which is not for public use or public vehicular traffic.

(B) "Authorized personnel" means any person who has a valid airport identification card issued by the airport operator or has a valid airline identification card recognized by the airport operator, or any person not in possession of an airport or airline identification card who is being escorted for legitimate purposes by a person with an airport or airline identification card.

(C) "Airport" means any facility whose function is to support commercial aviation.

(v) (1) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a sterile area of an airport, as defined in Section 171.5.

(2) A violation of this subdivision that is responsible for the evacuation of an airport terminal and is responsible in any part for delays or cancellations of scheduled flights is punishable by imprisonment of not more than one year in a county jail if the sterile area is posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

(w) Refusing or failing to leave a battered women's shelter at any time after being requested to leave by a managing authority of the shelter.

(1) A person who is convicted of violating this subdivision shall be punished by imprisonment in a county jail for not more than one year.

(2) The court may order a defendant who is convicted of violating this subdivision to make restitution to a battered woman in an amount equal to the relocation expenses of the battered woman and her children if those expenses are incurred as a result of trespass by the defendant at a battered women's shelter.

(x) (1) Knowingly entering or remaining in a neonatal unit, maternity ward, or birthing center located in a hospital or clinic without lawful business to pursue therein, if the area has been posted so as to give reasonable notice restricting access to those with lawful business to pursue therein and the surrounding circumstances would indicate to a reasonable person that he or she has no lawful business to pursue therein. Reasonable notice is that which would give actual notice to a reasonable person, and is posted, at a minimum, at each entrance into the area.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) As an infraction, by a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the posted area after being requested to leave by a peace officer or other authorized person.

(C) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding two thousand dollars ($2,000), or both, for a second or subsequent offense.

(D) If probation is granted or the execution or imposition of sentencing is suspended for any person convicted under this subdivision, it shall be a condition of probation that the person participate in counseling, as designated by the court, unless the court finds good cause not to impose this requirement. The court shall require the person to pay for this counseling, if ordered, unless good cause not to pay is shown.

(y) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a courthouse or a city, county, city and county, or state building if entrances to the courthouse or the city, county, city and county, or state building have been posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

SEC. 2. Section 602 of the Penal Code is amended to read:

602. Except as provided in paragraph (2) of subdivision (v), subdivision (x), and Section 602.8, every person who willfully commits a trespass by any of the following acts is guilty of a misdemeanor:

(a) Cutting down, destroying, or injuring any kind of wood or timber standing or growing upon the lands of another.

(b) Carrying away any kind of wood or timber lying on those lands.

(c) Maliciously injuring or severing from the freehold of another anything attached to it, or its produce.

(d) Digging, taking, or carrying away from any lot situated within the limits of any incorporated city, without the license of the owner or legal occupant, any earth, soil, or stone.

(e) Digging, taking, or carrying away from land in any city or town laid down on the map or plan of the city, or otherwise recognized or established as a street, alley, avenue, or park, without the license of the proper authorities, any earth, soil, or stone.

(f) Maliciously tearing down, damaging, mutilating, or destroying any sign, signboard, or notice placed upon, or affixed to, any property belonging to the state, or to any city, county, city and county, town or village, or upon any property of any person, by the state or by an automobile association, which sign, signboard or notice is intended to indicate or designate a road, or a highway, or is intended to direct travelers from one point to another, or relates to fires, fire control, or any other matter involving the protection of the property, or putting up, affixing, fastening, printing, or painting upon any property belonging to the state, or to any city, county, town, or village, or dedicated to the public, or upon any property of any person, without license from the owner, any notice, advertisement, or designation of, or any name for any commodity, whether for sale or otherwise, or any picture, sign, or device intended to call attention to it.

(g) Entering upon any lands owned by any other person whereon oysters or other shellfish are planted or growing; or injuring, gathering, or carrying away any oysters or other shellfish planted, growing, or on any of those lands, whether covered by water or not, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(h) (1) Entering upon lands or buildings owned by any other person without the license of the owner or legal occupant, where signs forbidding trespass are displayed, and whereon cattle, goats, pigs, sheep, fowl, or any other animal is being raised, bred, fed, or held for the purpose of food for human consumption; or injuring, gathering, or carrying away any animal being housed on any of those lands, without the license of

the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(2) In order for there to be a violation of this subdivision, the trespass signs under paragraph (1) must be displayed at intervals not less than three per mile along all exterior boundaries and at all roads and trails entering the land.

(3) This subdivision shall not be construed to preclude prosecution or punishment under any other provision of law, including, but not limited to, grand theft or any provision that provides for a greater penalty or longer term of imprisonment.

(i) Willfully opening, tearing down, or otherwise destroying any fence on the enclosed land of another, or opening any gate, bar, or fence of another and willfully leaving it open without the written permission of the owner, or maliciously tearing down, mutilating, or destroying any sign, signboard, or other notice forbidding shooting on private property.

(j) Building fires upon any lands owned by another where signs forbidding trespass are displayed at intervals not greater than one mile along the exterior boundaries and at all roads and trails entering the lands, without first having obtained written permission from the owner of the lands or the owner's agent, or the person in lawful possession.

(k) Entering any lands, whether unenclosed or enclosed by fence, for the purpose of injuring any property or property rights or with the intention of interfering with, obstructing, or injuring any lawful business or occupation carried on by the owner of the land, the owner's agent or by the person in lawful possession.

(*l*) Entering any lands under cultivation or enclosed by fence, belonging to, or occupied by, another, or entering upon uncultivated or unenclosed lands where signs forbidding trespass are displayed at intervals not less than three to the mile along all exterior boundaries and at all roads and trails entering the lands without the written permission of the owner of the land, the owner's agent or of the person in lawful possession, and

(1) Refusing or failing to leave the lands immediately upon being requested by the owner of the land, the owner's agent or by the person in lawful possession to leave the lands, or

(2) Tearing down, mutilating, or destroying any sign, signboard, or notice forbidding trespass or hunting on the lands, or

(3) Removing, injuring, unlocking, or tampering with any lock on any gate on or leading into the lands, or

(4) Discharging any firearm.

(m) Entering and occupying real property or structures of any kind without the consent of the owner, the owner's agent, or the person in lawful possession.

(n) Driving any vehicle, as defined in Section 670 of the Vehicle Code, upon real property belonging to, or lawfully occupied by, another and known not to be open to the general public, without the consent of the owner, the owner's agent, or the person in lawful possession. This subdivision shall not apply to any person described in Section 22350 of the Business and Professions Code who is making a lawful service of process, provided that upon exiting the vehicle, the person proceeds immediately to attempt the service of process, and leaves immediately upon completing the service of process or upon the request of the owner, the owner's agent, or the person in lawful possession.

(o) Refusing or failing to leave land, real property, or structures belonging to or lawfully occupied by another and not open to the general public, upon being requested to leave by (1) a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, or (2) the owner, the owner's agent, or the person in lawful possession. The owner, the owner's agent, or the person in lawful possession shall make a separate request to the peace officer on each occasion when the peace officer's assistance in dealing with a trespass is requested. However, a single request for a peace officer's assistance may be made to cover a limited period of time not to exceed 30 days and identified by specific dates, during which there is a fire hazard or the owner, owner's agent or person in lawful possession is absent from the premises or property. In addition, a single request for a peace officer's assistance may be made for a period not to exceed six months when the premises or property is closed to the public and posted as being closed. However, this subdivision shall not be applicable to persons engaged in lawful labor union activities which are permitted to be carried out on the property by the California Agricultural Labor Relations Act, Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code, or by the National Labor Relations Act, or to persons entering property pursuant to Section 1942.6 of the Civil Code. For purposes of this section, land, real property, or structures owned or operated by any housing authority for tenants as defined under Section 34213.5 of the Health and Safety Code constitutes property not open to the general public; however, this subdivision shall not apply to persons on the premises who are engaging in activities protected by the California or United States Constitution, or to persons who are on the premises at the request of a

resident or management and who are not loitering or otherwise suspected of violating or actually violating any law or ordinance.

(p) Entering upon any lands declared closed to entry as provided in Section 4256 of the Public Resources Code, if the closed areas shall have been posted with notices declaring the closure, at intervals not greater than one mile along the exterior boundaries or along roads and trails passing through the lands.

(q) Refusing or failing to leave a public building of a public agency during those hours of the day or night when the building is regularly closed to the public upon being requested to do so by a regularly employed guard, watchman, or custodian of the public agency owning or maintaining the building or property, if the surrounding circumstances would indicate to a reasonable person that the person has no apparent lawful business to pursue.

(r) Knowingly skiing in an area or on a ski trail which is closed to the public and which has signs posted indicating the closure.

(s) Refusing or failing to leave a hotel or motel, where he or she has obtained accommodations and has refused to pay for those accommodations, upon request of the proprietor or manager, and the occupancy is exempt, pursuant to subdivision (b) of Section 1940 of the Civil Code, from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code. For purposes of this subdivision, occupancy at a hotel or motel for a continuous period of 30 days or less shall, in the absence of a written agreement to the contrary, or other written evidence of a periodic tenancy of indefinite duration, be exempt from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

(t) Entering upon private property, including contiguous land, real property, or structures thereon belonging to the same owner, whether or not generally open to the public, after having been informed by a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, that the property is not open to the particular person; or refusing or failing to leave the property upon being asked to leave the property in the manner provided in this subdivision.

This subdivision shall apply only to a person who has been convicted of a violent felony, as specified in subdivision (c) of Section 667.5, committed upon the particular private property. A single notification or request to the person as set forth above shall be valid and enforceable under this subdivision unless and until rescinded by the owner, the owner's agent, or the person in lawful possession of the property.

(u) (1) Knowingly entering, by an unauthorized person, upon any airport operations area if the area has been posted with notices restricting access to authorized personnel only and the postings occur not greater than every 150 feet along the exterior boundary.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) By a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the airport operations area after being requested to leave by a peace officer or authorized personnel.

(C) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, for a second or subsequent offense.

(3) As used in this subdivision the following definitions shall control:

(A) "Airport operations area" means that part of the airport used by aircraft for landing, taking off, surface maneuvering, loading and unloading, refueling, parking, or maintenance, where aircraft support vehicles and facilities exist, and which is not for public use or public vehicular traffic.

(B) "Authorized personnel" means any person who has a valid airport identification card issued by the airport operator or has a valid airline identification card recognized by the airport operator, or any person not in possession of an airport or airline identification card who is being escorted for legitimate purposes by a person with an airport or airline identification card.

(C) "Airport" means any facility whose function is to support commercial aviation.

(v) (1) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a sterile area of an airport, as defined in Section 171.5.

(2) A violation of this subdivision that is responsible for the evacuation of an airport terminal and is responsible in any part for delays or cancellations of scheduled flights is punishable by imprisonment of not more than one year in a county jail if the sterile area is posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

(w) Refusing or failing to leave a battered women's shelter at any time after being requested to leave by a managing authority of the shelter.

(1) A person who is convicted of violating this subdivision shall be punished by imprisonment in a county jail for not more than one year.

(2) The court may order a defendant who is convicted of violating this subdivision to make restitution to a battered woman in an amount equal to the relocation expenses of the battered woman and her children if those expenses are incurred as a result of trespass by the defendant at a battered women's shelter.

(x) (1) Knowingly entering or remaining in a neonatal unit, maternity ward, or birthing center located in a hospital or clinic without lawful business to pursue therein, if the area has been posted so as to give reasonable notice restricting access to those with lawful business to pursue therein and the surrounding circumstances would indicate to a reasonable person that he or she has no lawful business to pursue therein. Reasonable notice is that which would give actual notice to a reasonable person, and is posted, at a minimum, at each entrance into the area.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) As an infraction, by a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the posted area after being requested to leave by a peace officer or other authorized person.

(C) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding two thousand dollars ($2,000), or both, for a second or subsequent offense.

(D) If probation is granted or the execution or imposition of sentencing is suspended for any person convicted under this subdivision, it shall be a condition of probation that the person participate in counseling, as designated by the court, unless the court finds good cause not to impose this requirement. The court shall require the person to pay for this counseling, if ordered, unless good cause not to pay is shown.

(y) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a courthouse or a city, county, city and county, or state building if entrances to the courthouse or the city, county, city and county, or state building have been posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

SEC. 3. Section 602 of the Penal Code is amended to read:

602. Except as provided in paragraph (2) of subdivision (v), subdivision (x), and Section 602.8, every person who willfully commits a trespass by any of the following acts is guilty of a misdemeanor:

(a) Cutting down, destroying, or injuring any kind of wood or timber standing or growing upon the lands of another.

(b) Carrying away any kind of wood or timber lying on those lands.

(c) Maliciously injuring or severing from the freehold of another anything attached to it, or its produce.

(d) Digging, taking, or carrying away from any lot situated within the limits of any incorporated city, without the license of the owner or legal occupant, any earth, soil, or stone.

(e) Digging, taking, or carrying away from land in any city or town laid down on the map or plan of the city, or otherwise recognized or established as a street, alley, avenue, or park, without the license of the proper authorities, any earth, soil, or stone.

(f) Maliciously tearing down, damaging, mutilating, or destroying any sign, signboard, or notice placed upon, or affixed to, any property belonging to the state, or to any city, county, city and county, town or village, or upon any property of any person, by the state or by an automobile association, which sign, signboard or notice is intended to indicate or designate a road, or a highway, or is intended to direct travelers from one point to another, or relates to fires, fire control, or any other matter involving the protection of the property, or putting up, affixing, fastening, printing, or painting upon any property belonging to the state, or to any city, county, town, or village, or dedicated to the public, or upon any property of any person, without license from the owner, any notice, advertisement, or designation of, or any name for any commodity, whether for sale or otherwise, or any picture, sign, or device intended to call attention to it.

(g) Entering upon any lands owned by any other person whereon oysters or other shellfish are planted or growing; or injuring, gathering, or carrying away any oysters or other shellfish planted, growing, or on any of those lands, whether covered by water or not, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(h) (1) Entering upon lands or buildings owned by any other person without the license of the owner or legal occupant, where signs forbidding trespass are displayed, and whereon cattle, goats, pigs, sheep, fowl, or any other animal is being raised, bred, fed, or held for the purpose of food for human consumption; or injuring, gathering, or carrying away any animal being housed on any of those lands, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences,

or signs intended to designate the boundaries and limits of any of those lands.

(2) In order for there to be a violation of this subdivision, the trespass signs under paragraph (1) must be displayed at intervals not less than three per mile along all exterior boundaries and at all roads and trails entering the land.

(3) This subdivision shall not be construed to preclude prosecution or punishment under any other provision of law, including, but not limited to, grand theft or any provision that provides for a greater penalty or longer term of imprisonment.

(i) Willfully opening, tearing down, or otherwise destroying any fence on the enclosed land of another, or opening any gate, bar, or fence of another and willfully leaving it open without the written permission of the owner, or maliciously tearing down, mutilating, or destroying any sign, signboard, or other notice forbidding shooting on private property.

(j) Building fires upon any lands owned by another where signs forbidding trespass are displayed at intervals not greater than one mile along the exterior boundaries and at all roads and trails entering the lands, without first having obtained written permission from the owner of the lands or the owner's agent, or the person in lawful possession.

(k) Entering any lands, whether unenclosed or enclosed by fence, for the purpose of injuring any property or property rights or with the intention of interfering with, obstructing, or injuring any lawful business or occupation carried on by the owner of the land, the owner's agent or by the person in lawful possession.

(*l*) Entering any lands under cultivation or enclosed by fence, belonging to, or occupied by, another, or entering upon uncultivated or unenclosed lands where signs forbidding trespass are displayed at intervals not less than three to the mile along all exterior boundaries and at all roads and trails entering the lands without the written permission of the owner of the land, the owner's agent or of the person in lawful possession, and

(1) Refusing or failing to leave the lands immediately upon being requested by the owner of the land, the owner's agent or by the person in lawful possession to leave the lands, or

(2) Tearing down, mutilating, or destroying any sign, signboard, or notice forbidding trespass or hunting on the lands, or

(3) Removing, injuring, unlocking, or tampering with any lock on any gate on or leading into the lands, or

(4) Discharging any firearm.

(m) Entering and occupying real property or structures of any kind without the consent of the owner, the owner's agent, or the person in lawful possession.

(n) Driving any vehicle, as defined in Section 670 of the Vehicle Code, upon real property belonging to, or lawfully occupied by, another and known not to be open to the general public, without the consent of the owner, the owner's agent, or the person in lawful possession. This subdivision shall not apply to any person described in Section 22350 of the Business and Professions Code who is making a lawful service of process, provided that upon exiting the vehicle, the person proceeds immediately to attempt the service of process, and leaves immediately upon completing the service of process or upon the request of the owner, the owner's agent, or the person in lawful possession.

(o) Refusing or failing to leave land, real property, or structures belonging to or lawfully occupied by another and not open to the general public, upon being requested to leave by (1) a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, or (2) the owner, the owner's agent, or the person in lawful possession. The owner, the owner's agent, or the person in lawful possession shall make a separate request to the peace officer on each occasion when the peace officer's assistance in dealing with a trespass is requested. However, a single request for a peace officer's assistance may be made to cover a limited period of time not to exceed 30 days and identified by specific dates, during which there is a fire hazard or the owner, owner's agent or person in lawful possession is absent from the premises or property. In addition, a single request for a peace officer's assistance may be made for a period not to exceed six months when the premises or property is closed to the public and posted as being closed. However, this subdivision shall not be applicable to persons engaged in lawful labor union activities which are permitted to be carried out on the property by the California Agricultural Labor Relations Act, Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code, or by the National Labor Relations Act. For purposes of this section, land, real property, or structures owned or operated by any housing authority for tenants as defined under Section 34213.5 of the Health and Safety Code constitutes property not open to the general public; however, this subdivision shall not apply to persons on the premises who are engaging in activities protected by the California or United States Constitution, or to persons who are on the premises at the request of a resident or management and who are not loitering or otherwise suspected of violating or actually violating any law or ordinance.

(p) Entering upon any lands declared closed to entry as provided in Section 4256 of the Public Resources Code, if the closed areas shall have been posted with notices declaring the closure, at intervals not greater

than one mile along the exterior boundaries or along roads and trails passing through the lands.

(q) Refusing or failing to leave a public building of a public agency during those hours of the day or night when the building is regularly closed to the public upon being requested to do so by a regularly employed guard, watchman, or custodian of the public agency owning or maintaining the building or property, if the surrounding circumstances would indicate to a reasonable person that the person has no apparent lawful business to pursue.

(r) Knowingly skiing in an area or on a ski trail which is closed to the public and which has signs posted indicating the closure.

(s) Refusing or failing to leave a hotel or motel, where he or she has obtained accommodations and has refused to pay for those accommodations, upon request of the proprietor or manager, and the occupancy is exempt, pursuant to subdivision (b) of Section 1940 of the Civil Code, from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code. For purposes of this subdivision, occupancy at a hotel or motel for a continuous period of 30 days or less shall, in the absence of a written agreement to the contrary, or other written evidence of a periodic tenancy of indefinite duration, be exempt from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

(t) Entering upon private property, including contiguous land, real property, or structures thereon belonging to the same owner, whether or not generally open to the public, after having been informed by a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, that the property is not open to the particular person; or refusing or failing to leave the property upon being asked to leave the property in the manner provided in this subdivision.

This subdivision shall apply only to a person who has been convicted of a violent felony, as specified in subdivision (c) of Section 667.5, committed upon the particular private property. A single notification or request to the person as set forth above shall be valid and enforceable under this subdivision unless and until rescinded by the owner, the owner's agent, or the person in lawful possession of the property.

(u) (1) Knowingly entering, by an unauthorized person, upon any airport or passenger vessel terminal operations area if the area has been posted with notices restricting access to authorized personnel only and the postings occur not greater than every 150 feet along the exterior boundary, to the extent, in the case of a passenger vessel terminal, as defined in subparagraph (B) of paragraph (3), that the exterior boundary

extends shoreside. To the extent that the exterior boundary of a passenger vessel terminal operations area extends waterside, this prohibition shall apply if notices have been posted in a manner consistent with the requirements for the shoreside exterior boundary, or in any other manner approved by the captain of the port.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) By a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the airport or passenger vessel terminal after being requested to leave by a peace officer or authorized personnel.

(C) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, for a second or subsequent offense.

(3) As used in this subdivision the following definitions shall control:

(A) "Airport operations area" means that part of the airport used by aircraft for landing, taking off, surface maneuvering, loading and unloading, refueling, parking, or maintenance, where aircraft support vehicles and facilities exist, and which is not for public use or public vehicular traffic.

(B) "Passenger vessel terminal" means only that portion of a harbor or port facility, as described in Section 105.105(a)(2) of Title 33 of the Code of Federal Regulations, with a secured area that regularly serves scheduled commuter or passenger operations. For the purposes of this section, "passenger vessel terminal" does not include any area designated a public access area pursuant to Section 105.106 of Title 33 of the Code of Federal Regulations.

(C) "Authorized personnel" means any person who has a valid airport identification card issued by the airport operator or has a valid airline identification card recognized by the airport operator, or any person not in possession of an airport or airline identification card who is being escorted for legitimate purposes by a person with an airport or airline identification card. "Authorized personnel" also means any person who has a valid port identification card issued by the harbor operator, or who has a valid company identification card issued by a commercial maritime enterprise recognized by the harbor operator, or any other person who is being escorted for legitimate purposes by a person with a valid port or qualifying company identification card.

(D) "Airport" means any facility whose function is to support commercial aviation.

(v) (1) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible

property in accordance with the procedures being applied to control access when entering or reentering a sterile area of an airport or passenger vessel terminal, as defined in Section 171.5.

(2) A violation of this subdivision that is responsible for the evacuation of an airport terminal or passenger vessel terminal and is responsible in any part for delays or cancellations of scheduled flights or departures is punishable by imprisonment of not more than one year in a county jail if the sterile area is posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

(w) Refusing or failing to leave a battered women's shelter at any time after being requested to leave by a managing authority of the shelter.

(1) A person who is convicted of violating this subdivision shall be punished by imprisonment in a county jail for not more than one year.

(2) The court may order a defendant who is convicted of violating this subdivision to make restitution to a battered woman in an amount equal to the relocation expenses of the battered woman and her children if those expenses are incurred as a result of trespass by the defendant at a battered women's shelter.

(x) (1) Knowingly entering or remaining in a neonatal unit, maternity ward, or birthing center located in a hospital or clinic without lawful business to pursue therein, if the area has been posted so as to give reasonable notice restricting access to those with lawful business to pursue therein and the surrounding circumstances would indicate to a reasonable person that he or she has no lawful business to pursue therein. Reasonable notice is that which would give actual notice to a reasonable person, and is posted, at a minimum, at each entrance into the area.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) As an infraction, by a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the posted area after being requested to leave by a peace officer or other authorized person.

(C) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding two thousand dollars ($2,000), or both, for a second or subsequent offense.

(D) If probation is granted or the execution or imposition of sentencing is suspended for any person convicted under this subdivision, it shall be a condition of probation that the person participate in counseling, as designated by the court, unless the court finds good cause not to impose this requirement. The court shall require the person to pay for this counseling, if ordered, unless good cause not to pay is shown.

(y) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a courthouse or a city, county, city and county, or state building if entrances to the courthouse or the city, county, city and county, or state building have been posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

SEC. 4. Section 602 of the Penal Code is amended to read:

602. Except as provided in paragraph (2) of subdivision (v), subdivision (x), and Section 602.8, every person who willfully commits a trespass by any of the following acts is guilty of a misdemeanor:

(a) Cutting down, destroying, or injuring any kind of wood or timber standing or growing upon the lands of another.

(b) Carrying away any kind of wood or timber lying on those lands.

(c) Maliciously injuring or severing from the freehold of another anything attached to it, or its produce.

(d) Digging, taking, or carrying away from any lot situated within the limits of any incorporated city, without the license of the owner or legal occupant, any earth, soil, or stone.

(e) Digging, taking, or carrying away from land in any city or town laid down on the map or plan of the city, or otherwise recognized or established as a street, alley, avenue, or park, without the license of the proper authorities, any earth, soil, or stone.

(f) Maliciously tearing down, damaging, mutilating, or destroying any sign, signboard, or notice placed upon, or affixed to, any property belonging to the state, or to any city, county, city and county, town or village, or upon any property of any person, by the state or by an automobile association, which sign, signboard or notice is intended to indicate or designate a road, or a highway, or is intended to direct travelers from one point to another, or relates to fires, fire control, or any other matter involving the protection of the property, or putting up, affixing, fastening, printing, or painting upon any property belonging to the state, or to any city, county, town, or village, or dedicated to the public, or upon any property of any person, without license from the owner, any notice, advertisement, or designation of, or any name for any commodity, whether for sale or otherwise, or any picture, sign, or device intended to call attention to it.

(g) Entering upon any lands owned by any other person whereon oysters or other shellfish are planted or growing; or injuring, gathering, or carrying away any oysters or other shellfish planted, growing, or on any of those lands, whether covered by water or not, without the license of the owner or legal occupant; or damaging, destroying, or removing,

or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(h) (1) Entering upon lands or buildings owned by any other person without the license of the owner or legal occupant, where signs forbidding trespass are displayed, and whereon cattle, goats, pigs, sheep, fowl, or any other animal is being raised, bred, fed, or held for the purpose of food for human consumption; or injuring, gathering, or carrying away any animal being housed on any of those lands, without the license of the owner or legal occupant; or damaging, destroying, or removing, or causing to be removed, damaged, or destroyed, any stakes, marks, fences, or signs intended to designate the boundaries and limits of any of those lands.

(2) In order for there to be a violation of this subdivision, the trespass signs under paragraph (1) must be displayed at intervals not less than three per mile along all exterior boundaries and at all roads and trails entering the land.

(3) This subdivision shall not be construed to preclude prosecution or punishment under any other provision of law, including, but not limited to, grand theft or any provision that provides for a greater penalty or longer term of imprisonment.

(i) Willfully opening, tearing down, or otherwise destroying any fence on the enclosed land of another, or opening any gate, bar, or fence of another and willfully leaving it open without the written permission of the owner, or maliciously tearing down, mutilating, or destroying any sign, signboard, or other notice forbidding shooting on private property.

(j) Building fires upon any lands owned by another where signs forbidding trespass are displayed at intervals not greater than one mile along the exterior boundaries and at all roads and trails entering the lands, without first having obtained written permission from the owner of the lands or the owner's agent, or the person in lawful possession.

(k) Entering any lands, whether unenclosed or enclosed by fence, for the purpose of injuring any property or property rights or with the intention of interfering with, obstructing, or injuring any lawful business or occupation carried on by the owner of the land, the owner's agent or by the person in lawful possession.

(*l*) Entering any lands under cultivation or enclosed by fence, belonging to, or occupied by, another, or entering upon uncultivated or unenclosed lands where signs forbidding trespass are displayed at intervals not less than three to the mile along all exterior boundaries and at all roads and trails entering the lands without the written permission of the owner of the land, the owner's agent or of the person in lawful possession, and

(1) Refusing or failing to leave the lands immediately upon being requested by the owner of the land, the owner's agent or by the person in lawful possession to leave the lands, or

(2) Tearing down, mutilating, or destroying any sign, signboard, or notice forbidding trespass or hunting on the lands, or

(3) Removing, injuring, unlocking, or tampering with any lock on any gate on or leading into the lands, or

(4) Discharging any firearm.

(m) Entering and occupying real property or structures of any kind without the consent of the owner, the owner's agent, or the person in lawful possession.

(n) Driving any vehicle, as defined in Section 670 of the Vehicle Code, upon real property belonging to, or lawfully occupied by, another and known not to be open to the general public, without the consent of the owner, the owner's agent, or the person in lawful possession. This subdivision shall not apply to any person described in Section 22350 of the Business and Professions Code who is making a lawful service of process, provided that upon exiting the vehicle, the person proceeds immediately to attempt the service of process, and leaves immediately upon completing the service of process or upon the request of the owner, the owner's agent, or the person in lawful possession.

(o) Refusing or failing to leave land, real property, or structures belonging to or lawfully occupied by another and not open to the general public, upon being requested to leave by (1) a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, or (2) the owner, the owner's agent, or the person in lawful possession. The owner, the owner's agent, or the person in lawful possession shall make a separate request to the peace officer on each occasion when the peace officer's assistance in dealing with a trespass is requested. However, a single request for a peace officer's assistance may be made to cover a limited period of time not to exceed 30 days and identified by specific dates, during which there is a fire hazard or the owner, owner's agent or person in lawful possession is absent from the premises or property. In addition, a single request for a peace officer's assistance may be made for a period not to exceed six months when the premises or property is closed to the public and posted as being closed. However, this subdivision shall not be applicable to persons engaged in lawful labor union activities which are permitted to be carried out on the property by the California Agricultural Labor Relations Act, Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code, or by the National Labor Relations Act, or to persons entering property

pursuant to Section 1942.6 of the Civil Code. For purposes of this section, land, real property, or structures owned or operated by any housing authority for tenants as defined under Section 34213.5 of the Health and Safety Code constitutes property not open to the general public; however, this subdivision shall not apply to persons on the premises who are engaging in activities protected by the California or United States Constitution, or to persons who are on the premises at the request of a resident or management and who are not loitering or otherwise suspected of violating or actually violating any law or ordinance.

(p) Entering upon any lands declared closed to entry as provided in Section 4256 of the Public Resources Code, if the closed areas shall have been posted with notices declaring the closure, at intervals not greater than one mile along the exterior boundaries or along roads and trails passing through the lands.

(q) Refusing or failing to leave a public building of a public agency during those hours of the day or night when the building is regularly closed to the public upon being requested to do so by a regularly employed guard, watchman, or custodian of the public agency owning or maintaining the building or property, if the surrounding circumstances would indicate to a reasonable person that the person has no apparent lawful business to pursue.

(r) Knowingly skiing in an area or on a ski trail which is closed to the public and which has signs posted indicating the closure.

(s) Refusing or failing to leave a hotel or motel, where he or she has obtained accommodations and has refused to pay for those accommodations, upon request of the proprietor or manager, and the occupancy is exempt, pursuant to subdivision (b) of Section 1940 of the Civil Code, from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code. For purposes of this subdivision, occupancy at a hotel or motel for a continuous period of 30 days or less shall, in the absence of a written agreement to the contrary, or other written evidence of a periodic tenancy of indefinite duration, be exempt from Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

(t) Entering upon private property, including contiguous land, real property, or structures thereon belonging to the same owner, whether or not generally open to the public, after having been informed by a peace officer at the request of the owner, the owner's agent, or the person in lawful possession, and upon being informed by the peace officer that he or she is acting at the request of the owner, the owner's agent, or the person in lawful possession, that the property is not open to the particular person; or refusing or failing to leave the property upon being asked to leave the property in the manner provided in this subdivision.

This subdivision shall apply only to a person who has been convicted of a violent felony, as specified in subdivision (c) of Section 667.5, committed upon the particular private property. A single notification or request to the person as set forth above shall be valid and enforceable under this subdivision unless and until rescinded by the owner, the owner's agent, or the person in lawful possession of the property.

(u) (1) Knowingly entering, by an unauthorized person, upon any airport or passenger vessel terminal operations area if the area has been posted with notices restricting access to authorized personnel only and the postings occur not greater than every 150 feet along the exterior boundary, to the extent, in the case of a passenger vessel terminal, as defined in subparagraph (B) of paragraph (3), that the exterior boundary extends shoreside. To the extent that the exterior boundary of a passenger vessel terminal operations area extends waterside, this prohibition shall apply if notices have been posted in a manner consistent with the requirements for the shoreside exterior boundary, or in any other manner approved by the captain of the port.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) By a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the airport or passenger vessel terminal after being requested to leave by a peace officer or authorized personnel.

(C) By imprisonment in the county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or both, for a second or subsequent offense.

(3) As used in this subdivision the following definitions shall control:

(A) "Airport operations area" means that part of the airport used by aircraft for landing, taking off, surface maneuvering, loading and unloading, refueling, parking, or maintenance, where aircraft support vehicles and facilities exist, and which is not for public use or public vehicular traffic.

(B) "Passenger vessel terminal" means only that portion of a harbor or port facility, as described in Section 105.105(a)(2) of Title 33 of the Code of Federal Regulations, with a secured area that regularly serves scheduled commuter or passenger operations. For the purposes of this section, "passenger vessel terminal" does not include any area designated a public access area pursuant to Section 105.106 of Title 33 of the Code of Federal Regulations.

(C) "Authorized personnel" means any person who has a valid airport identification card issued by the airport operator or has a valid airline identification card recognized by the airport operator, or any person not

in possession of an airport or airline identification card who is being escorted for legitimate purposes by a person with an airport or airline identification card. "Authorized personnel" also means any person who has a valid port identification card issued by the harbor operator, or who has a valid company identification card issued by a commercial maritime enterprise recognized by the harbor operator, or any other person who is being escorted for legitimate purposes by a person with a valid port or qualifying company identification card.

(D) "Airport" means any facility whose function is to support commercial aviation.

(v) (1) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a sterile area of an airport or passenger vessel terminal, as defined in Section 171.5.

(2) A violation of this subdivision that is responsible for the evacuation of an airport terminal or passenger vessel terminal and is responsible in any part for delays or cancellations of scheduled flights or departures is punishable by imprisonment of not more than one year in a county jail if the sterile area is posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

(w) Refusing or failing to leave a battered women's shelter at any time after being requested to leave by a managing authority of the shelter.

(1) A person who is convicted of violating this subdivision shall be punished by imprisonment in a county jail for not more than one year.

(2) The court may order a defendant who is convicted of violating this subdivision to make restitution to a battered woman in an amount equal to the relocation expenses of the battered woman and her children if those expenses are incurred as a result of trespass by the defendant at a battered women's shelter.

(x) (1) Knowingly entering or remaining in a neonatal unit, maternity ward, or birthing center located in a hospital or clinic without lawful business to pursue therein, if the area has been posted so as to give reasonable notice restricting access to those with lawful business to pursue therein and the surrounding circumstances would indicate to a reasonable person that he or she has no lawful business to pursue therein. Reasonable notice is that which would give actual notice to a reasonable person, and is posted, at a minimum, at each entrance into the area.

(2) Any person convicted of a violation of paragraph (1) shall be punished as follows:

(A) As an infraction, by a fine not exceeding one hundred dollars ($100).

(B) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding one thousand dollars ($1,000), or both, if the person refuses to leave the posted area after being requested to leave by a peace officer or other authorized person.

(C) By imprisonment in a county jail not exceeding one year, or by a fine not exceeding two thousand dollars ($2,000), or both, for a second or subsequent offense.

(D) If probation is granted or the execution or imposition of sentencing is suspended for any person convicted under this subdivision, it shall be a condition of probation that the person participate in counseling, as designated by the court, unless the court finds good cause not to impose this requirement. The court shall require the person to pay for this counseling, if ordered, unless good cause not to pay is shown.

(y) Except as permitted by federal law, intentionally avoiding submission to the screening and inspection of one's person and accessible property in accordance with the procedures being applied to control access when entering or reentering a courthouse or a city, county, city and county, or state building if entrances to the courthouse or the city, county, city and county, or state building have been posted with a statement providing reasonable notice that prosecution may result from a trespass described in this subdivision.

SEC. 5. (a) Section 2 of this bill incorporates amendments to Section 602 of the Penal Code proposed by both this bill and SB 735. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 602 of the Penal Code, and (3) AB 280 is not enacted or as enacted does not amend that section, and (4) this bill is enacted after SB 735, in which case Sections 1, 3, and 4 of this bill shall not become operative.

(b) Section 3 of this bill incorporates amendments to Section 602 of the Penal Code proposed by both this bill and AB 280. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 602 of the Penal Code, (3) SB 735 is not enacted or as enacted does not amend that section, and (4) this bill is enacted after AB 280 in which case Sections 1, 2, and 4 of this bill shall not become operative.

(c) Section 4 of this bill incorporates amendments to Section 602 of the Penal Code proposed by this bill, SB 735, and AB 280. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2006, (2) all three bills amend Section 602 of the Penal Code, and (3) this bill is enacted after SB 735 and AB 280, in which case Sections 1, 2, and 3 of this bill shall not become operative.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs

that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 379

An act relating to child care, and making an appropriation therefor.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

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

(1) A compelling body of research demonstrates that early identification and intervention for young children with disabilities results in a decrease in the need for special education placements upon arrival in the public school system.

(2) A large number of children receive child care through licensed family day care, child care centers, and in license-exempt care.

(3) Training and technical assistance enhances the ability of a child care provider to identify and accommodate the needs of young children with disabilities.

(4) Child care resource and referral programs are uniquely suited to provide training and technical assistance to assist child care providers to increase their ability to serve children with disabilities.

(5) As the single state-funded entity that serves all parents regardless of income, child care resource and referral programs are uniquely suited to assist the families of children with disabilities to become aware of their rights to access child care services and to connect families with the services available in their community.

(b) It is therefore the intent of the Legislature that children with disabilities be fully included in child care programs.

SEC. 2. (a) The sum of five million dollars ($5,000,000) is hereby appropriated from the funds identified in Provision 5(c) of Item 6110-196-0001 of Section 2.00 of the Budget Act of 2005 to the State Department of Education for the purpose of funding, beginning in the 2005-06 fiscal year, until the funds are exhausted, state-funded child

care resource and referral programs, except that in Orange, Sutter, and Yuba Counties the funding shall be allocated to the local planning council to continue existing services, for the purposes of increasing the capacity of state subsidized and nonstate subsidized child care providers to serve children with disabilities in child care settings that meet their developmental needs, consistent with the intent of the Child Care and Development Services Act pursuant to Chapter 2 (commencing with Section 8200) of Part 6 of the Education Code. A child care resource and referral agency may expend funds granted to it pursuant to this subdivision for any of the following:

(1) To provide enhanced child care referrals to parents seeking child care for their children with disabilities, or at high risk of being identified as having a disability, and parental support as necessary.

(2) To provide or contract for various purposes that may include, but are not limited to, providing training and technical assistance to child care and development providers to increase their capacity to care for children with disabilities, or at high risk of being identified as having a disability.

(3) To conduct awareness and outreach to child care and development providers to increase their knowledge and understanding of the Americans with Disabilities Act (ADA) and the Individuals with Disabilities Education Act (IDEA) to accommodate children with disabilities, or at high risk of being identified as having a disability, and to increase their awareness of available support services to assist them in meeting the needs of all children.

(4) To conduct awareness and outreach to parents of children with disabilities, or at high risk of being identified as having a disability, to increase their understanding of their rights to accessible child care and to increase their awareness of available services, provided that the activities contracted for further the purposes of this subdivision.

(b) The State Department of Education shall develop an allocation plan to distribute funds appropriated pursuant to this section. The allocation plan shall be developed using the ratio of the number of children ages birth to 13 years, inclusive, in each county to the total number of children ages birth to 13 years, inclusive, in the state. The county allocation shall be developed by applying the county ratio to the five million dollars ($5,000,000) after a minimum allocation of three thousand dollars ($3,000) is set aside for each of the smallest counties, and after three thousand dollars ($3,000) is set aside for the smallest counties that would otherwise receive less than three thousand dollars ($3,000), based on the allocation plan.

(c) A state-funded child care resource and referral program, or the local planning council in Orange, Sutter, or Yuba County, that is

interested in applying for the available funds appropriated pursuant to this section shall submit a proposal for approval to the State Department of Education for the use of the funds, based on identified community needs and include a plan of how the approved activities will be implemented at the local level.

(d) The State Department of Education, in coordination with the California Child Care Resource and Referral Network, shall develop a uniform reporting process for a state-funded child care resource and referral program or local planning council that receives funds pursuant to this section to submit a one-time report on the use and effectiveness of those funds.

CHAPTER 380

An act to amend Sections 1871.7, 1879.3, and 12921.8 of the Insurance Code, relating to the Insurance Commissioner.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 1871.7 of the Insurance Code is amended to read:

1871.7. (a) It is unlawful to knowingly employ runners, cappers, steerers, or other persons to procure clients or patients to perform or obtain services or benefits pursuant to Division 4 (commencing with Section 3200) of the Labor Code or to procure clients or patients to perform or obtain services or benefits under a contract of insurance or that will be the basis for a claim against an insured individual or his or her insurer.

(b) Every person who violates any provision of this section or Section 549, 550, or 551 of the Penal Code shall be subject, in addition to any other penalties that may be prescribed by law, to a civil penalty of not less than five thousand dollars ($5,000) nor more than ten thousand dollars ($10,000), plus an assessment of not more than three times the amount of each claim for compensation, as defined in Section 3207 of the Labor Code or pursuant to a contract of insurance. The court shall have the power to grant other equitable relief, including temporary injunctive relief, as is necessary to prevent the transfer, concealment, or dissipation of illegal proceeds, or to protect the public. The penalty prescribed in this paragraph shall be assessed for each fraudulent claim

presented to an insurance company by a defendant and not for each violation.

(c) The penalties set forth in subdivision (b) are intended to be remedial rather than punitive, and shall not preclude, nor be precluded by, a criminal prosecution for the same conduct. If the court finds, after considering the goals of disgorging unlawful profit, restitution, compensating the state for the costs of investigation and prosecution, and alleviating the social costs of increased insurance rates due to fraud, that such a penalty would be punitive and would preclude, or be precluded by, a criminal prosecution, the court shall reduce that penalty appropriately.

(d) The district attorney or commissioner may bring a civil action under this section. Before the commissioner may bring that action, the commissioner shall be required to present the evidence obtained to the appropriate local district attorney for possible criminal or civil filing. If the district attorney elects not to pursue the matter due to insufficient resources, then the commissioner may proceed with the action.

(e) (1) Any interested persons, including an insurer, may bring a civil action for a violation of this section for the person and for the State of California. The action shall be brought in the name of the state. The action may be dismissed only if the court and the district attorney or the commissioner, whichever is participating, give written consent to the dismissal and their reasons for consenting.

(2) A copy of the complaint and written disclosure of substantially all material evidence and information the person possesses shall be served on the district attorney and commissioner. The complaint shall be filed in camera, shall remain under seal for at least 60 days, and shall not be served on the defendant until the court so orders. The local district attorney or commissioner may elect to intervene and proceed with the action within 60 days after he or she receives both the complaint and the material evidence and information. If more than one governmental entity elects to intervene, the district attorney shall have precedence.

(3) The district attorney or commissioner may, for good cause shown, move the court for extensions of the time during which the complaint remains under seal under paragraph (2). The motions may be supported by affidavits or other submissions in camera. The defendant shall not be required to respond to any complaint filed under this section until 20 days after the complaint is unsealed and served upon the defendant.

(4) Before the expiration of the 60-day period or any extensions obtained under paragraph (3), the district attorney or commissioner shall either:

(A) Proceed with the action, in which case the action shall be conducted by the district attorney or commissioner.

(B) Notify the court that it declines to take over the action, in which case the person bringing the action shall have the right to conduct the action.

(5) When a person or governmental agency brings an action under this section, no person other than the district attorney or commissioner may intervene or bring a related action based on the facts underlying the pending action unless that action is authorized by another statute or common law.

(f) (1) If the district attorney or commissioner proceeds with the action, he or she shall have the primary responsibility for prosecuting the action, and shall not be bound by an act of the person bringing the action. That person shall have the right to continue as a party to the action, subject to the limitations set forth in paragraph (2).

(2) (A) The district attorney or commissioner may dismiss the action notwithstanding the objections of the person initiating the action if the person has been notified by the district attorney or commissioner of the filing of the motion, and the court has provided the person with an opportunity for a hearing on the motion.

(B) The district attorney or commissioner may settle the action with the defendant notwithstanding the objections of the person initiating the action if the court determines, after a hearing, that the proposed settlement is fair, adequate, and reasonable under all the circumstances. Upon a showing of good cause, the hearing may be held in camera.

(C) Upon a showing by the district attorney or commissioner that unrestricted participation during the course of the litigation by the person initiating the action would interfere with or unduly delay the district attorney's or commissioner's prosecution of the case, or would be repetitious, irrelevant, or for purposes of harassment, the court may, in its discretion, impose limitations on the person's participation, including, but not limited to, the following:

(i) Limiting the number of witnesses the person may call.

(ii) Limiting the length of the testimony of those witnesses.

(iii) Limiting the person's cross-examination of witnesses.

(iv) Otherwise limiting the participation by the person in the litigation.

(D) Upon a showing by the defendant that unrestricted participation during the course of the litigation by the person initiating the action would be for purposes of harassment or would cause the defendant undue burden or unnecessary expense, the court may limit the participation by the person in the litigation.

(3) If the district attorney or commissioner elects not to proceed with the action, the person who initiated the action shall have the right to conduct the action. If the district attorney or commissioner so requests, he or she shall be served with copies of all pleadings filed in the action

and shall be supplied with copies of all deposition transcripts, at the district attorney's or commissioner's expense. When a person proceeds with the action, the court, without limiting the status and rights of the person initiating the action, may nevertheless permit the district attorney or commissioner to intervene at a later date upon a showing of good cause.

(4) If at any time both a civil action for penalties and equitable relief pursuant to this section and a criminal action are pending against a defendant for substantially the same conduct, whether brought by the government or a private party, the civil action shall be stayed until the criminal action has been concluded at the trial court level. The stay shall not preclude the court from granting or enforcing temporary equitable relief during the pendency of the actions. Whether or not the district attorney or commissioner proceeds with the action, upon a showing by the district attorney or commissioner that certain actions of discovery by the person initiating the action would interfere with a law enforcement or governmental agency investigation or prosecution of a criminal or civil matter arising out of the same facts, the court may stay discovery for a period of not more than 180 days. A hearing on a request for the stay shall be conducted in camera. The court may extend the 180-day period upon a further showing in camera that the agency has pursued the criminal or civil investigation or proceedings with reasonable diligence and any proposed discovery in the civil action will interfere with the ongoing criminal or civil investigation or proceedings.

(5) Notwithstanding subdivision (e), the district attorney or commissioner may elect to pursue its claim through any alternate remedy available to the district attorney or commissioner.

(g) (1) (A) (i) If the district attorney proceeds with an action brought by a person under subdivision (e), that person shall, subject to subparagraph (B), receive at least 30 percent but not more than 40 percent of the proceeds of the action or settlement of the claim, depending upon the extent to which the person substantially contributed to the prosecution of the action.

(ii) If the commissioner has brought an action or has proceeded with an action brought by another person under this section on or after January 1, 2006, and prior to January 1, 2011, the commissioner shall be entitled to attorney's fees and costs in addition to any judgment, regardless of the date that judgment is entered. The court shall determine and award the commissioner the amount of reasonable attorney's fees, including, but not limited to, reasonable fees for time expended by attorneys employed by the department and for costs incurred. Any attorney's fees or costs awarded to the commissioner and collected shall be deposited in the Insurance Fund. In cases in which the commissioner has intervened,

the commissioner and the person bringing the claim may stipulate to an allocation. The court may allocate the funds pursuant to the stipulation if, after the court's ruling on objection by the district attorney, if any, the court finds it is in the interests of justice to follow the stipulation.

(iii) If the commissioner has proceeded with an action, if there is no stipulation regarding allocation, and if a judgment has been obtained or a settlement has been reached with the defendants, the court shall determine the allocation, upon motion of the commissioner or the person bringing the action, according to the following priority:

(I) The person bringing the action, regardless of whether that person paid money to the defendants as part of the acts alleged in the complaint, shall first receive the amount the court determines is reasonable for attorney's fees, costs, and expenses that the court determines to have been necessarily incurred.

(II) The commissioner shall receive the amount the court determines for reasonable attorney's fees and costs.

(III) If the person bringing the suit has paid moneys to the defendants as part of the acts alleged in the complaint, that person shall receive the amount paid to the defendants.

(IV) At least 30 percent, but not more than 40 percent, of the remaining assets or moneys, shall be allocated to the person bringing the action, depending upon the extent to which the person substantially contributed to the prosecution of the action.

(iv) Those portions of a judgment or settlement not distributed pursuant to this subdivision shall be paid to the General Fund of the state and, upon appropriation by the Legislature, shall be apportioned between the Department of Justice and the Department of Insurance for enhanced fraud investigation and prevention efforts.

(B) Where the action is one that the court finds to be based primarily on disclosures of specific information, other than information provided by the person bringing the action, relating to allegations or transactions in a criminal, civil, or administrative hearing, in a legislative or administrative report, hearing, audit, or investigation, or from the news media, the court may award those sums that it considers appropriate, but in no case more than 10 percent of the proceeds, taking into account the significance of the information and the role of the person bringing the action in advancing the case to litigation.

(C) Any payment to a person under subparagraph (A) or under subparagraph (B) shall be made from the proceeds. The person shall also receive an amount for reasonable expenses that the court finds to have been necessarily incurred, plus reasonable attorney's fees and costs. All of those expenses, fees, and costs shall be awarded against the defendant.

(2) (A) If the district attorney or commissioner does not proceed with an action under this section, the person bringing the action or settling the claim shall receive an amount that the court decides is reasonable for collecting the civil penalty and damages. Except as provided in subparagraph (B), the amount shall not be less than 40 percent and not more than 50 percent of the proceeds of the action or settlement and shall be paid out of the proceeds. That person shall also receive an amount for reasonable expenses that the court finds to have been necessarily incurred, plus reasonable attorney's fees and costs. All of those attorney's fees and costs shall be imposed against the defendant. The parties shall serve the commissioner and the local district attorney with complete copies of any and all settlement agreements, and terms and conditions, for actions brought under this article at least 10 days prior to filing any motion for allocation with the court under this paragraph. The court may allocate the funds pursuant to the settlement agreement if, after the court's ruling on objection by the commissioner or the local district attorney, if any, the court finds it is in the interests of justice to follow the settlement agreement.

(B) If the person bringing the action, as a result of a violation of this section has paid money to the defendant or to an attorney acting on behalf of the defendant in the underlying claim, then he or she shall be entitled to up to double the amount paid to the defendant or the attorney if that amount is greater than 50 percent of the proceeds. That person shall also receive an amount for reasonable expenses that the court finds to have been necessarily incurred, plus reasonable attorney's fees and costs. All of those expenses, fees, and costs shall be awarded against the defendant.

(3) If a local district attorney has proceeded with an action under this section, one-half of the penalties not awarded to a private party, as well as any costs awarded shall go to the treasurer of the appropriate county. Those funds shall be used to investigate and prosecute fraud, augmenting existing budgets rather than replacing them. All remaining funds shall go to the state and be deposited in the General Fund and, when appropriated by the Legislature, shall be apportioned between the Department of Justice and the Department of Insurance for enhanced fraud investigation and prevention efforts.

(4) Whether or not the district attorney or commissioner proceeds with the action, if the court finds that the action was brought by a person who planned and initiated the violation of this section, that person shall be dismissed from the civil action and shall not receive any share of the proceeds of the action. The dismissal shall not prejudice the right of the district attorney or commissioner to continue the action on behalf of the state.

(5) If the district attorney or commissioner does not proceed with the action, and the person bringing the action conducts the action, the court may award to the defendant its reasonable attorney's fees and expenses if the defendant prevails in the action and the court finds that the claim of the person bringing the action was clearly frivolous, clearly vexatious, or brought primarily for purposes of harassment.

(h) (1) In no event may a person bring an action under subdivision (e) that is based upon allegations or transactions that are the subject of a civil suit or an administrative civil money penalty proceeding in which the Attorney General, district attorney, or commissioner is already a party.

(2) (A) No court shall have jurisdiction over an action under this section based upon the public disclosure of allegations or transactions in a criminal, civil, or administrative hearing in a legislative or administrative report, hearing, audit, or investigation, or from the news media, unless the action is brought by the Attorney General or the person bringing the action is an original source of the information.

(B) For purposes of this paragraph, "original source" means an individual who has direct and independent knowledge of the information on which the allegations are based and has voluntarily provided the information to the district attorney or commissioner before filing an action under this section which is based on the information.

(i) Except as provided in subdivision (j), the district attorney or commissioner is not liable for expenses that a person incurs in bringing an action under this section.

(j) In civil actions brought under this section in which the commissioner or a district attorney is a party, the court shall retain discretion to impose sanctions otherwise allowed by law, including the ability to order a party to pay expenses as provided in Sections 128.5 and 1028.5 of the Code of Civil Procedure.

(k) Any employee who is discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of employment by his or her employer because of lawful acts done by the employee on behalf of the employee or others in furtherance of an action under this section, including investigation for, initiation of, testimony for, or assistance in an action filed or to be filed under this section, shall be entitled to all relief necessary to make the employee whole. That relief shall include reinstatement with the same seniority status the employee would have had but for the discrimination, two times the amount of backpay, interest on the backpay, and compensation for any special damages sustained as a result of the discrimination, including litigation costs and reasonable attorney's fees. An employee may bring an action in the appropriate superior court for the relief provided in this

subdivision. The remedies under this section are in addition to any other remedies provided by existing law.

(*l*) (1) An action pursuant to this section may not be filed more than three years after the discovery of the facts constituting the grounds for commencing the action.

(2) Notwithstanding paragraph (1) no action may be filed pursuant to this section more than eight years after the commission of the act constituting a violation of this section or a violation of Section 549, 550, or 551 of the Penal Code.

SEC. 2. Section 1879.3 of the Insurance Code is amended to read:

1879.3. The commissioner shall appoint supervisory and investigatory personnel within the bureau. In addition, the commissioner shall assign staff counsel who are employed by the department and are under the supervision of the department's general counsel to advise the department's fraud division, and to further the purposes of this article and Article 1 (commencing with Section 1871). The attorneys' duties may include representing the commissioner and the department in civil lawsuits pursuant to Article 1 (commencing with Section 1871). Those persons shall be qualified by training and experience to perform the duties of their position.

When so requested by the commissioner, the Attorney General may assign one or more deputy attorneys general to assist the commissioner in the performance of these duties.

SEC. 3. Section 12921.8 of the Insurance Code is amended to read:

12921.8. (a) The commissioner may do the following:

(1) Issue a cease and desist order to a person who has acted in a capacity for which a license, registration, or certificate of authority from the commissioner was required but not possessed.

(2) Issue a cease and desist order to a person who has aided or abetted a person described in paragraph (1).

(3) Impose a monetary penalty, pursuant to an order to show cause, on a person described in paragraph (1) or (2). The monetary penalty shall be the greater of the following:

(A) Five times the amount of money received by the person for acting in the capacity for which the license, registration, or certificate of authority was required but not possessed.

(B) Five thousand dollars ($5,000) for each day the person acted in the capacity for which the license, registration, or certificate of authority was required but not possessed. In the absence of contrary evidence, it shall be presumed that a person continuously acted in a capacity for which a license, registration, or certificate of authority was required on each day from the date of the earliest such act until the date those acts were discontinued, as proven by the person at a hearing.

(b) Notwithstanding paragraph (3) of subdivision (a), the commissioner shall not impose a monetary penalty under this section on a person who has held a license or registration within the prior five years pursuant to Chapter 5 (commencing with Section 1621), Chapter 6 (commencing with Section 1760), Chapter 7 (commencing with Section 1800), or Chapter 8 (commencing with Section 1831) of Part 2 of Division 1.

(c) A person to whom a cease and desist order or order to show cause has been issued, may, within seven days after service of the order, if a hearing has not already been scheduled by the commissioner, request a hearing by filing a request for the hearing with the commissioner. The hearing shall be conducted in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and the commissioner shall have all the powers granted therein.

(d) A person who has a hearing pursuant to subdivision (c) shall be entitled to have the proceedings and the order of the commissioner reviewed by means of any remedy provided by the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code).

CHAPTER 381

An act to amend Sections 8355 and 12990 of, and to amend and repeal Section 14851 of, the Government Code, to amend Sections 6108, 10286.1, 10295.1, and 10296 of the Public Contract Code, and to amend Sections 42480 and 42498 of the Public Resources Code, relating to public contracts.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 8355 of the Government Code is amended to read:

8355. (a) Every person or organization awarded a contract or a grant for the procurement of any property or services from any state agency

shall certify to the contracting or granting agency that it will provide a drug-free workplace by doing all of the following:

(1) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the person's or organization's workplace and specifying the actions that will be taken against employees for violations of the prohibition.

(2) Establishing a drug-free awareness program to inform employees about all of the following:

(A) The dangers of drug abuse in the workplace.

(B) The person's or organization's policy of maintaining a drug-free workplace.

(C) Any available drug counseling, rehabilitation, and employee assistance programs.

(D) The penalties that may be imposed upon employees for drug abuse violations.

(3) Requiring that each employee engaged in the performance of the contract or grant be given a copy of the statement required by subdivision (a) and that, as a condition of employment on the contract or grant, the employee agrees to abide by the terms of the statement.

(b) (1) The certification requirement set forth in subdivision (a) does not apply to a credit card purchase of goods of two thousand five hundred dollars ($2,500) or less.

(2) The total amount of exemption authorized herein shall not exceed seven thousand five hundred dollars ($7,500) per year for each company from which a state agency is purchasing goods by credit card. It shall be the responsibility of each state agency to monitor the use of this exemption and adhere to these restrictions on these purchases.

SEC. 2. Section 12990 of the Government Code is amended to read:

12990. (a) Any employer who is, or wishes to become, a contractor with the state for public works or for goods or services is subject to the provisions of this part relating to discrimination in employment and to the nondiscrimination requirements of this section and any rules and regulations that implement it.

(b) Prior to becoming a contractor or subcontractor with the state, an employer may be required to submit a nondiscrimination program to the department for approval and certification and may be required to submit periodic reports of its compliance with that program.

(c) Every state contract and subcontract for public works or for goods or services shall contain a nondiscrimination clause prohibiting discrimination on the bases enumerated in this part by contractors or subcontractors. The nondiscrimination clause shall contain a provision requiring contractors and subcontractors to give written notice of their

obligations under that clause to labor organizations with which they have a collective bargaining or other agreement. These contractual provisions shall be fully and effectively enforced. This subdivision does not apply to a credit card purchase of goods of two thousand five hundred dollars ($2,500) or less. The total amount of exemption authorized herein shall not exceed seven thousand five hundred dollars ($7,500) per year for each company from which a state agency is purchasing goods by credit card. It shall be the responsibility of each state agency to monitor the use of this exemption and adhere to these restrictions on these purchases.

(d) The department shall periodically develop rules and regulations for the application and implementation of this section, and submit them to the commission for consideration and adoption in accordance with the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1. Those rules and regulations shall describe and include, but not be limited to, all of the following:

(1) Procedures for the investigation, approval, certification, decertification, monitoring, and enforcement of nondiscrimination programs.

(2) The size of contracts or subcontracts below which any particular provision of this section shall not apply.

(3) The circumstances, if any, under which a contractor or subcontractor is not subject to this section.

(4) Criteria for determining the appropriate plant, region, division, or other unit of a contractor's or subcontractor's operation for which a nondiscrimination program is required.

(5) Procedures for coordinating the nondiscrimination requirements of this section and its implementing rules and regulations with the California Plan for Equal Opportunity in Apprenticeship, with the provisions and implementing regulations of Article 9.5 (commencing with Section 11135) of Chapter 1 of Part 1, and with comparable federal laws and regulations concerning nondiscrimination, equal employment opportunity, and affirmative action by those who contract with the United States.

(6) The basic principles and standards to guide the department in administering and implementing this section.

(e) Where a contractor or subcontractor is required to prepare an affirmative action, equal employment, or nondiscrimination program subject to review and approval by a federal compliance agency, that program may be filed with the department, instead of any nondiscrimination program regularly required by this section or its implementing rules and regulations. Such a program shall constitute a prima facie demonstration of compliance with this section. Where the department or a federal compliance agency has required the preparation

of an affirmative action, equal employment, or nondiscrimination program subject to review and approval by the department or a federal compliance agency, evidence of such a program shall also constitute prima facie compliance with an ordinance or regulation of any city, city and county, or county that requires an employer to submit such a program to a local awarding agency for its approval prior to becoming a contractor or subcontractor with that agency.

(f) Where the department determines and certifies that the provisions of this section or its implementing rules and regulations are violated or where the commission, after hearing an accusation pursuant to Section 12967, determines a contractor or subcontractor is engaging in practices made unlawful under this part, the department or the commission may recommend appropriate sanctions to the awarding agency. Any such recommendation shall take into account the severity of the violation or violations and any other penalties, sanctions, or remedies previously imposed.

SEC. 3. Section 14851 of the Government Code, as amended by Section 1 of Chapter 220 of the Statutes of 2002, is amended to read:

14851. (a) The Office of State Publishing may accept paid advertisements in materials printed or published by the state, except that the department shall not print or publish paid political advertising.

(b) The Office of State Publishing may print checks and other printed matter necessary for the operation of any industry board or state agricultural district board at the expense of the state.

(c) To reduce duplication of staff resources and to provide consistency in the review for appropriateness of advertisements, an agency of the state that was not authorized to accept paid advertising in its publications before January 1, 2006, shall use the services of the Office of State Publishing for all paid advertising in its publications.

SEC. 4. Section 14851 of the Government Code, as added by Section 2 of Chapter 220 of the Statutes of 2002, is repealed.

SEC. 5. Section 6108 of the Public Contract Code is amended to read:

6108. (a) (1) Every contract entered into by any state agency for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, shall require that a contractor certify that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor,

forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor shall agree to comply with this provision of the contract.

(2) The contract shall specify that the contractor is required to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice determine the contractor's compliance with the requirements under paragraph (1).

(b) (1) Any contractor contracting with the state who knew or should have known that the apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state were laundered or produced in violation of the conditions specified in subdivision (a) when entering into a contract pursuant to subdivision (a), may, subject to subdivision (c), have any or all of the following sanctions imposed:

(A) The contract under which the prohibited apparel, garments or corresponding accessories, equipment, materials, or supplies were laundered or provided may be voided at the option of the state agency to which the equipment, materials, or supplies were provided.

(B) The contractor may be assessed a penalty which shall be the greater of one thousand dollars ($1,000) or an amount equaling 20 percent of the value of the apparel, garments or corresponding accessories, equipment, materials, or supplies that the state agency demonstrates were produced in violation of the conditions specified in paragraph (1) of subdivision (a) and that were supplied to the state agency under the contract.

(C) The contractor may be removed from the bidder's list for a period not to exceed 360 days.

(2) Any moneys collected pursuant to this subdivision shall be deposited into the General Fund.

(c) (1) When imposing the sanctions described in subdivision (b), the contracting agency shall notify the contractor of the right to a hearing, if requested, within 15 days of the date of the notice. The hearing shall be before an administrative law judge of the Office of Administrative Hearings in accordance with the procedures specified in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. The administrative law judge shall take into consideration any measures the contractor has taken to ensure compliance with this section, and may waive any or all of the sanctions if it is determined that the contractor has acted in good faith.

(2) The agency shall be assessed the cost of the administrative hearing, unless the agency has prevailed in the hearing, in which case the contractor shall be assessed the cost of the hearing.

(d) (1) Any state agency that investigates a complaint against a contractor for violation of this section may limit its investigation to evaluating the information provided by the person or entity submitting the complaint and the information provided by the contractor.

(2) Whenever a contracting officer of the contracting agency has reason to believe that the contractor failed to comply with the requirements under paragraph (1) of subdivision (a), the agency shall refer the matter for investigation to the head of the agency and, as the head of the agency determines appropriate, to either the Director of Industrial Relations or the Department of Justice.

(e) (1) For purposes of this section, the term "forced labor" shall have the same meaning as in Section 1307 of Title 19 of the United States Code.

(2) "Abusive forms of child labor" means any of the following:

(A) All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage, and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict.

(B) The use, procuring, or offering of a child for prostitution, for the production of pornography, or for pornographic performances.

(C) The use, procuring, or offering of a child for illicit activities, in particular for the production and trafficking of illicit drugs.

(D) All work or service exacted from or performed by any person under the age of 18 either under the menace of any penalty for its nonperformance and for which the worker does not offer oneself voluntarily, or under a contract, the enforcement of which can be accomplished by process or penalties.

(E) All work or service exacted from or performed by a child in violation of all applicable laws of the country of manufacture governing the minimum age of employment, compulsory education, and occupational health and safety.

(3) "Exploitation of children in sweatshop labor" means all work or service exacted from or performed by any person under the age of 18 years in violation of more than one law of the country of manufacture governing wage and benefits, occupational health and safety, nondiscrimination, and freedom of association.

(4) "Sweatshop labor" means all work or service extracted from or performed by any person in violation of more than one law of the country of manufacture governing wages, employee benefits, occupational health, occupational safety, nondiscrimination, or freedom of association.

(5) "Apparel, garments or corresponding accessories" includes, but is not limited to, uniforms.

(6) Notwithstanding any other provision of this section, "forced labor" and "convict labor" do not include work or services performed by an inmate or a person employed by the Prison Industry Authority.

(7) "State agency" means any state agency in this state.

(f) (1) On or before February 1, 2004, the Department of Industrial Relations shall establish a contractor responsibility program, including a Sweatfree Code of Conduct, to be signed by all bidders on state contracts and subcontracts. Any state agency responsible for procurement shall ensure that the Sweatfree Code of Conduct is available for public review at least 30 calendar days between the dates of receipt and the final award of the contract. The Sweatfree Code of Conduct shall list the requirements that contractors are required to meet, as set forth in subdivision (g).

(2) Upon implementation in the manner described in paragraph (4), every contract entered into by any state agency for the procurement or laundering of apparel, garments or corresponding accessories, or for the procurement of equipment or supplies, shall require that the contractor certify in accordance with the Sweatfree Code of Conduct that no apparel, garments or corresponding accessories, or equipment, materials, or supplies, furnished to the state pursuant to the contract have been laundered or produced, in whole or in part, by sweatshop labor.

(3) The appropriate procurement agency, in consultation with the Director of Industrial Relations, shall employ a phased and targeted approach to implementing the Sweatfree Code of Conduct. Sweatfree Code of Conduct procurement policies involving apparel, garments and corresponding accessories may be permitted a phasein period of up to one year for purposes of feasibility and providing sufficient notice to contractors and the general public. The appropriate procurement agency, in consultation with the Director of Industrial Relations, shall target other procurement categories based on the magnitude of verified sweatshop conditions and the feasibility of implementation, and may set phasein goals and timetables of up to three years to achieve compliance with the principles of the Sweatfree Code of Conduct.

(4) In order to facilitate compliance with the Sweatfree Code of Conduct, the Department of Industrial Relations shall explore mechanisms employed by other governmental entities, including, but not limited to, New Jersey Executive Order 20, of 2002, to ensure that businesses that contract with this state are in compliance with this section and any regulations or requirements promulgated in conformance with this section, as amended by the act adding this paragraph. The mechanisms explored may include, but not be limited to, authorization to contract with a competent nonprofit organization that is neither funded nor controlled, in whole or in part, by a corporation that is engaged in

the procurement or laundering of apparel, garments, or corresponding accessories, or the procurement of equipment, materials, or supplies. The Department of Industrial Relations, in complying with this paragraph, shall also consider any feasible and cost-effective monitoring measures that will encourage compliance with the Sweatfree Code of Conduct.

(5) To ensure public access and confidence, the Department of Industrial Relations shall ensure public awareness and access to proposed contracts by postings on the Internet and through communication to advocates for garment workers, unions, and other interested parties. The appropriate agencies shall establish a mechanism for soliciting and reviewing any information indicating violations of the Sweatfree Code of Conduct by prospective or current bidders, contractors, or subcontractors. The agencies shall make their findings public when they reject allegations against bidding or contracting parties.

(6) Contractors shall ensure that their subcontractors comply in writing with the Sweatfree Code of Conduct, under penalty of perjury. Contractors shall attach a copy of the Sweatfree Code of Conduct to the certification required by subdivision (a).

(g) No state agency may enter into a contract with any contractor unless the contractor meets the following requirements:

(1) Contractors and subcontractors in California shall comply with all appropriate state laws concerning wages, workplace safety, rights to association and assembly, and nondiscrimination standards as well as appropriate federal laws. Contractors based in other states in the United States shall comply with all appropriate laws of their states and appropriate federal laws. For contractors whose locations for manufacture or assembly are outside the United States, those contractors shall ensure that their subcontractors comply with the appropriate laws of countries where the facilities are located.

(2) Contractors and subcontractors shall maintain a policy of not terminating any employee except for just cause, and employees shall have access to a mediator or to a mediation process to resolve certain workplace disputes that are not regulated by the National Labor Relations Board.

(3) Contractors and subcontractors shall ensure that workers are paid, at a minimum, wages and benefits in compliance with applicable local, state, and national laws of the jurisdiction in which the labor, on behalf of the contractor or subcontractor, is performed. Whenever a state agency expends funds for the procurement or laundering of apparel, garments, or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, the applicable labor standards established by the local jurisdiction through the exercise of either local police powers or local spending powers in

which the labor, in compliance with the contract or purchase order for which the expenditure is made, is performed shall apply with regard to the contract or purchase order for which the expenditure is made, unless the applicable local standards are in conflict with, or are explicitly preempted by, state law. A state agency may not require, as a condition for the receipt of state funds or assistance, that a local jurisdiction refrain from applying the labor standards that are otherwise applicable to that local jurisdiction. The Department of Industrial Relations may, without incurring additional expenses, access information from any nonprofit organization, including, but not limited to, the World Bank, that gathers and disseminates data with respect to wages paid throughout the world, to allow the Department of Industrial Relations to determine whether contractors and subcontractors are compensating their employees at a level that enables those employees to live above the applicable poverty level.

(4) All contractors and subcontractors shall comply with the overtime laws and regulations of the country in which their employees are working.

(5) All overtime hours shall be worked voluntarily. Workers shall be compensated for overtime at either (A) the rate of compensation for regular hours of work, or (B) as legally required in the country of manufacture, whichever is greater.

(6) No person may be employed who is younger than the legal age for children to work in the country in which the facility is located. In no case may children under the age of 15 years be employed in the manufacturing process. Where the age for completing compulsory education is higher than the standard for the minimum age of employment, the age for completing education shall apply to this section.

(7) There may be no form of forced labor of any kind, including slave labor, prison labor, indentured labor, or bonded labor, including forced overtime hours.

(8) The work environment shall be safe and healthy and, at a minimum, be in compliance with relevant local, state, and national laws. If residential facilities are provided to workers, those facilities shall be safe and healthy as well.

(9) There may be no discrimination in hiring, salary, benefits, performance evaluation, discipline, promotion, retirement or dismissal on the basis of age, sex, pregnancy, maternity leave status, marital status, race, nationality, country of origin, ethnic origin, disability, sexual orientation, gender identity, religion, or political opinion.

(10) No worker may be subjected to any physical, sexual, psychological, or verbal harassment or abuse, including corporal punishment, under any circumstances, including, but not limited to, retaliation for exercising his or her right to free speech and assembly.

(11) No worker may be forced to use contraceptives or take pregnancy tests. No worker may be exposed to chemicals, including glues and solvents, that endanger reproductive health.

(12) Contractors and bidders shall list the names and addresses of each subcontractor to be utilized in the performance of the contract, and list each manufacturing or other facility or operation of the contractor or subcontractor for performance of the contract. The list, which shall be maintained and updated to show any changes in subcontractors during the term of the contract, shall provide company names, owners or officers, addresses, telephone numbers, e-mail addresses, and the nature of the business association.

(h) Any person who certifies as true any material matter pursuant to this section that he or she knows to be false is guilty of a misdemeanor.

(i) The provisions of this section, as amended by the act adding this subdivision, shall be in addition to any other provisions that authorize the prosecution and enforcement of local labor laws and may not be interpreted to prohibit a local prosecutor from bringing a criminal or civil action against an individual or business that violates the provisions of this section.

(j) (1) The certification requirements set forth in subdivisions (a) and (f) do not apply to a credit card purchase of goods of two thousand five hundred dollars ($2,500) or less.

(2) The total amount of exemption authorized herein shall not exceed seven thousand five hundred dollars ($7,500) per year for each company from which a state agency is purchasing goods by credit card. It shall be the responsibility of each state agency to monitor the use of this exemption and adhere to these restrictions on these purchases.

SEC. 6. Section 10286.1 of the Public Contract Code is amended to read:

10286.1. (a) For purposes of this part, except as otherwise provided in subdivisions (b) and (c), a state agency shall not enter into any contract with an expatriate corporation or its subsidiaries.

(b) (1) For purposes of this article, an "expatriate corporation" means a foreign incorporated entity that is publicly traded in the United States to which all of the following apply:

(A) The United States is the principal market for the public trading of the foreign incorporated entity.

(B) The foreign incorporated entity has no substantial business activities in the place of incorporation.

(C) Either clause (i) or clause (ii) applies:

(i) The foreign entity was established in connection with a transaction or series of related transactions pursuant to which (I) the foreign entity directly or indirectly acquired substantially all of the properties held by

a domestic corporation or all of the properties constituting a trade or business of a domestic partnership or related foreign partnership, and (II) immediately after the acquisition, more than 50 percent of the publicly traded stock, by vote or value, of the foreign entity is held by former shareholders of the domestic corporation or by former partners of the domestic partnership or related foreign partnership. For purposes of subclause (II), any stock sold in a public offering related to the transaction or a series of transactions is disregarded.

(ii) The foreign entity was established in connection with a transaction or series of related transactions pursuant to which (I) the foreign entity directly or indirectly acquired substantially all of the properties held by a domestic corporation or all of the properties constituting a trade or business of a domestic partnership or related foreign partnership, and (II) the acquiring foreign entity is more than 50 percent owned, by vote or value, by domestic shareholders or partners.

(iii) For purposes of this subparagraph, indirect acquisition of property includes the acquisition of a stock share, or any portion thereof, of the owner of that property.

(2) Notwithstanding subdivision (a), a state agency may contract with an expatriate corporation, or its subsidiary, if it was an expatriate corporation before January 1, 2004, to which both of the following apply:

(A) The foreign entity provides, by operation of law, by provisions of its governing documents, by resolution of its board of directors, or in any other manner, at least the following shareholders' rights:

(i) Shareholders of the entity have the right to inspect, at a principal place of business in the United States, copies of the entity's books and records, including, but not limited to, shareholder names, addresses, and shareholdings in accordance with the corporation law, as amended from time to time and as that law is interpreted by the courts, of the United States jurisdiction in which the entity was previously incorporated, or, if the entity was not previously incorporated, in accordance with the terms set forth in the Model Business Corporation Act, as that act may be amended from time to time, provided that, if the corporate law of the United States jurisdiction in which the entity was previously incorporated or the Model Business Corporation Act does not provide access to the shareholder names, addresses, and shareholdings, these books and records are available for inspection by shareholders for purposes properly related to their status as shareholders of the entity.

(ii) The entity permits its shareholders to bring derivative proceedings on behalf of the entity, provided that these derivative proceedings are brought on a basis and under the terms applicable under the law, as amended from time to time and as interpreted by, or required by, the courts of the United States jurisdiction in which the entity was previously

incorporated, or, if the entity was not previously incorporated, on a basis and under the terms set forth in the Model Business Corporations Act as that act may be amended from time to time and as it is interpreted by, or required by, the courts.

(iii) Entity transactions in which any director is interested are approved in accordance with the applicable law, as amended from time to time and as interpreted by the courts, of the United States jurisdiction in which the entity was previously incorporated, or, if the entity was not previously incorporated, in accordance with the terms set forth in the Model Business Corporations Act, as may be amended from time to time and as interpreted by the courts.

(iv) The entity has consented to the jurisdiction, for any otherwise available cause of action by or on behalf of the entity's shareholders, including any pendent state causes of action, of all of the following courts:

(I) The state courts of one or more states.

(II) The United States federal courts in any state in which the entity consents to the jurisdiction of that state's courts pursuant to subclause (I).

(v) The entity has appointed an agent for service of process in the state or states in which the entity has consented to jurisdiction, as described in clause (iv), and the entity meets at least one of the following conditions:

(I) The entity has unencumbered assets in the United States, which assets may include equity or debt investments in United States companies, with a book value in excess of fifty million dollars ($50,000,000), and the entity delivers to the Secretary of State an opinion of an attorney licensed in the United States that judgments rendered against the entity may be satisfied by using these assets.

(II) The entity posts a bond or similar security in an amount of at least fifty million dollars ($50,000,000).

(III) The entity has directors' and officers' insurance in an amount of at least fifty million dollars ($50,000,000).

(vi) The entity agrees that, in connection with any lawsuit brought against it by its shareholders in any court in which the entity has consented to jurisdiction as described in clause (iv), the entity will provide to the court notice of the manner in which the entity complied with clause (v) and, if the entity complied with that clause in the manner specified in subclause (I) of clause (v), a copy of the opinion described in that subclause.

(vii) Shareholder approval is required for any sale of all or substantially all of the entity's assets in accordance with the law, as amended from time to time and as it is interpreted by the courts, of the

United States jurisdiction in which it was previously incorporated, or, if it was not previously incorporated, in accordance with the terms set forth in the Model Business Corporations Act, as it may be amended from time to time.

(viii) The directors and officers of the entity occupy a fiduciary relationship with the entity and its shareholders and these directors and officers, in performing their duties, act in good faith in a manner that a director or officer believes to be in the best interests of the entity and its shareholders, as that standard of care is interpreted by the courts.

(ix) The entity agrees to hold no more than one of every four annual shareholder meetings in a location outside the United States and, in the event that the entity holds an annual meeting outside the United States, the entity agrees to provide access to that meeting through a Web cast or other technology that allows the entity's shareholders to do both of the following:

(I) Listen to the meeting, watch the meeting, or both.

(II) Send questions that will be addressed at the meeting.

(x) The entity provides a description of the shareholder rights described in clauses (i) to (ix), inclusive, and any subsequent changes to these rights, on the entity's Web site or in its 10K filings with the United States Securities and Exchange Commission.

(B) The entity uses worldwide combined reporting to calculate the income on which it pays taxes to the state.

(c) The chief executive officer of a state agency or his or her designee may waive the prohibition specified in subdivision (a) if the executive officer or his or her designee has made a written finding that the contract is necessary to meet a compelling public interest. For purposes of this section, a "compelling public interest" includes, but is not limited to, ensuring the provision of essential services, ensuring the public health and safety, or an emergency as defined in Section 1102. If a waiver is granted to a vendor pursuant to this subdivision, the requirement to submit a declaration of compliance, as set forth in paragraph (1) of subdivision (d), does not apply to that vendor.

(d) (1) For purposes of this chapter, "state agency" means every state office, department, division, bureau, board, commission, and the California State University, but does not include the University of California, the Legislature, the courts, or any agency in the judicial branch of government.

(2) On or after January 1, 2004, all state agencies shall, as a condition of the contract, require any vendor that is offered a contract to do business with the state to submit a declaration stating that the vendor is eligible to contract with the state pursuant to this section.

(3) A vendor that declares as true any material matter in a declaration described in this subdivision that he or she knows to be false is guilty of a misdemeanor.

(e) (1) Except as provided in paragraph (2) and subdivision (f), this section applies to contracts that are entered into on or after January 1, 2004.

(2) With respect to an entity that was an expatriate corporation, as defined in paragraph (1) of subdivision (b), before January 1, 2004, this section applies to contracts that are entered into on or after April 1, 2004.

(f) (1) The declaration requirement set forth in subdivision (d) does not apply to a credit card purchase of goods of two thousand five hundred dollars ($2,500) or less.

(2) The total amount of exemption authorized herein shall not exceed seven thousand five hundred dollars ($7,500) per year for each company from which a state agency is purchasing goods by credit card. It shall be the responsibility of each state agency to monitor the use of this exemption and adhere to these restrictions on these purchases.

SEC. 7. Section 10295.1 of the Public Contract Code is amended to read:

10295.1. (a) A state department or agency shall not contract for the purchase of tangible personal property from a vendor, contractor, or an affiliate of a vendor or contractor, unless that vendor, contractor, and all of its affiliates that make sales for delivery into California are holders of a California seller's permit issued pursuant to Article 2 (commencing with Section 6066) of Chapter 2 of Part 1 of Division 2 of the Revenue and Taxation Code, or are holders of a certificate of registration issued pursuant to Section 6226 of the Revenue and Taxation Code. A vendor or contractor that sells tangible personal property to a state department or agency, and each affiliate of that vendor or contractor that makes sales for delivery into California, shall be regarded as a "retailer engaged in business in this state" and shall be required to collect the California sales or use tax on all its sales into the state in accordance with Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

(b) Beginning on and after January 1, 2004, each vendor, contractor, or affiliate of a vendor or contractor that is offered a contract to do business with a state department or state agency shall submit to that state department or agency a copy, as applicable, of that retailer's seller's permit or certificate of registration, and a copy of each of the retailer's applicable affiliate's seller's permit or certificate of registration, as described in subdivision (a). This subdivision does not apply to a credit card purchase of goods of two thousand five hundred dollars ($2,500) or less. The total amount of exemption authorized herein shall not exceed

seven thousand five hundred dollars ($7,500) per year for each company from which a state agency is purchasing goods by credit card. It shall be the responsibility of each state agency to monitor the use of this exemption and adhere to these restrictions on these purchases.

(c) A state department or state agency is exempted from the provisions of subdivision (a) if the executive director, or his or her designee, of that state department or agency makes a written finding that the contract is necessary to meet a compelling state interest.

(d) For the purposes of this section:

(1) "Affiliate of the vendor or contractor" means any person or entity that is controlled by, or is under common control of, a vendor or contractor through stock ownership or any other affiliation.

(2) "Compelling state interest" includes, but is not limited to, the following:

(A) Ensuring the provision of essential services.

(B) Ensuring the public health, safety and welfare.

(C) Responding to an emergency, as defined in Section 1102.

(3) "State department or agency" means every state office, department, division, bureau, board, commission and the California State University, but does not include the University of California, the Legislature, the courts, and any agency in the judicial branch of government.

SEC. 8. Section 10296 of the Public Contract Code is amended to read:

10296. (a) Every contract entered into by any state agency for any purpose specified in subdivisions (a) to (d), inclusive, of Section 10295 shall contain a statement by which the contractor swears under penalty of perjury that no more than one final, unappealable finding of contempt of court by a federal court has been issued against the contractor within the immediately preceding two-year period because of the contractor's failure to comply with an order of a federal court which orders the contractor to comply with an order of the National Labor Relations Board. For purposes of this section, a finding of contempt does not include any finding that has been vacated, dismissed, or otherwise removed by the court because the contractor has complied with the order which was the basis for the finding. The state may rescind any contract in which the contractor falsely swears to the truth of the statement required by this section.

(b) (1) This section does not apply to a credit card purchase of goods of two thousand five hundred dollars ($2,500) or less.

(2) The total amount of exemption authorized herein shall not exceed seven thousand five hundred dollars ($7,500) per year for each company from which a state agency is purchasing goods by credit card. It shall

be the responsibility of each state agency to monitor the use of this exemption and adhere to these restrictions on these purchases.

SEC. 9. Section 42480 of the Public Resources Code is amended to read:

42480. (a) (1) A state agency that purchases or leases covered electronic devices shall require each prospective bidder, to certify that it, and its agents, subsidiaries, partners, joint venturers, and subcontractors for the procurement, have complied with this chapter and any regulations adopted pursuant to this chapter, or to demonstrate that this chapter is inapplicable to all lines of business engaged in by the bidder, its agents, subsidiaries, partners, joint venturers, or subcontractors.

(2) The certification requirement set forth in paragraph (1) does not apply to a credit card purchase of goods of two thousand five hundred dollars ($2,500) or less. The total amount of exemption authorized herein shall not exceed seven thousand five hundred dollars ($7,500) per year for each company from which a state agency is purchasing goods by credit card. It shall be the responsibility of each state agency to monitor the use of this exemption and adhere to these restrictions on these purchases.

(b) Failure to provide certification pursuant to this section shall render the prospective bidder and its agents, subsidiaries, partners, joint venturers, and subcontractors ineligible to bid on the procurement of covered electronic devices.

(c) The bid solicitation documents shall specify that the prospective bidder is required to cooperate fully in providing reasonable access to its records and documents that evidence compliance with this chapter.

(d) Any person awarded a contract by a state agency that is found to be in violation of this section is subject to the following sanctions:

(1) The contract shall be voided by the state agency to which the equipment, materials, or supplies were provided.

(2) The contractor is ineligible to bid on any state contract for a period of three years.

(3) If the Attorney General establishes in the name of the people of the State of California that any money, property, or benefit was obtained by a contractor as a result of violating this section, the court may, in addition to any other remedy, order the disgorgement of the unlawfully obtained money, property, or benefit in the interest of justice.

SEC. 10. Section 42498 of the Public Resources Code is amended to read:

42498. (a) (1) A state agency that purchases or leases cell phones shall require each prospective bidder, to certify that it, and its agents, subsidiaries, partners, joint venturers, and subcontractors for the procurement, have complied with this chapter and any regulations

adopted pursuant to this chapter, or to demonstrate that this chapter is inapplicable to all lines of business engaged in by the bidder, its agents, subsidiaries, partners, joint venturers, or subcontractors.

(2) The certification requirement set forth in paragraph (1) does not apply to a credit card purchase of goods of two thousand five hundred dollars ($2,500) or less. The total amount of exemption authorized herein shall not exceed seven thousand five hundred dollars ($7,500) per year for each company from which a state agency is purchasing goods by credit card. It shall be the responsibility of each state agency to monitor the use of this exemption and adhere to these restrictions on these purchases.

(b) Failure to provide certification pursuant to this section shall render the prospective bidder and its agents, subsidiaries, partners, joint venturers, and subcontractors ineligible to bid on the procurement of cell phones.

(c) The bid solicitation documents shall specify that the prospective bidder is required to cooperate fully in providing reasonable access to its records and documents that evidence compliance with this chapter.

(d) Any person awarded a contract by a state agency that is found to be in violation of this section is subject to the following sanctions:

(1) The contract shall be voided by the state agency to which the equipment, materials, or supplies were provided.

(2) The contractor is ineligible to bid on any state contract for a period of three years.

(3) If the Attorney General establishes in the name of the people of the State of California that any money, property, or benefit was obtained by a contractor as a result of violating this section, the court may, in addition to any other remedy, order the disgorgement of the unlawfully obtained money, property, or benefit in the interest of justice.

CHAPTER 382

An act to amend Section 71 of Chapter 67 of the Statutes of 1962, First Extraordinary Session, relating to port districts, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 71 of Chapter 67 of the Statutes of 1962, First Extraordinary Session, is amended to read:

SEC. 71. (a) Upon the establishment of the district, all persons then occupying the several offices of or under the government, of the county and each of the cities included therein, except as otherwise provided, whose several powers and duties are within the powers of the district or within the powers or duties of the several officers thereof, shall immediately quit and surrender the occupancy or possession of those offices, which shall thereupon cease and determine, except as to any persons who have powers and perform duties for the county and the cities other than those mentioned, whose offices shall not cease and determine as to those other powers and duties, but shall continue with respect thereto the same as if the district had not been established.

(b) Notwithstanding subdivision (a), all employees of the county and any city performing duties in connection with the Port of San Diego or the respective harbor departments shall be blanketed in as employees of the district.

(c) The district may do all of the following with respect to retirement and disability benefits for its employees:

(1) Contract with the State Employees' Retirement System and provide retirement and disability benefits for employees under the State Employees' Retirement System pursuant to its rules and regulations.

(2) Contract with any city included within the district that has a retirement system for retirement and disability benefits for district employees.

(3) Contract with any other employee retirement and disability system.

(4) Establish an independent employee retirement and disability system pursuant to Article 1.5 (commencing with Section 53215) of Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code.

(5) By contract, continue those employees of the district so blanketed in, as members of the retirement system of which they were members while they were employees of the respective cities.

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:

Because of the financial uncertainty of the City of San Diego and because the city is currently under contract with the San Diego Unified Port District to provide that district's retirement and disability benefits, it is critical that the district be granted the power provided by this act to

make decisions to ensure the long-term stability of the district's retirement and disability benefit systems at the earliest possible time.

CHAPTER 383

An act to amend Section 338 of the Code of Civil Procedure, to amend Section 12007 of the Fish and Game Code, to amend Sections 65040.2, 65352.3, 65560, and 65562.5 of the Government Code, to repeal Section 85.3 of the Harbors and Navigation Code, to amend Sections 10109, 20126, 20165, and 20676 of the Public Contract Code, to amend Sections 2207, 4561.5, 31220, and 42240 of, to add Sections 5003.13, 31165, and 31316 to, and to repeal Sections 665, 733, 2797, 4535, 4561.6, 5072.3, 29411, 29412, and 30521 of, the Public Resources Code, and to amend Section 359 of the Water Code, relating to public resources.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 338 of the Code of Civil Procedure is amended to read:

338. Within three years:

(a) An action upon a liability created by statute, other than a penalty or forfeiture.

(b) An action for trespass upon or injury to real property.

(c) An action for taking, detaining, or injuring any goods or chattels, including actions for the specific recovery of personal property. The cause of action in the case of theft, as defined in Section 484 of the Penal Code, of any article of historical, interpretive, scientific, or artistic significance is not deemed to have accrued until the discovery of the whereabouts of the article by the aggrieved party, his or her agent, or the law enforcement agency which originally investigated the theft.

(d) An action for relief on the ground of fraud or mistake. The cause of action in that case is not to be deemed to have accrued until the discovery, by the aggrieved party, of the facts constituting the fraud or mistake.

(e) An action upon a bond of a public official except any cause of action based on fraud or embezzlement is not to be deemed to have accrued until the discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action upon the bond.

(f) (1) An action against a notary public on his or her bond or in his or her official capacity except that any cause of action based on malfeasance or misfeasance is not deemed to have accrued until discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action.

(2) Notwithstanding paragraph (1), an action based on malfeasance or misfeasance shall be commenced within one year from discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action or within three years from the performance of the notarial act giving rise to the action, whichever is later.

(3) Notwithstanding paragraph (1), an action against a notary public on his or her bond or in his or her official capacity shall be commenced within six years.

(g) An action for slander of title to real property.

(h) An action commenced under Section 17536 of the Business and Professions Code. The cause of action in that case shall not be deemed to have accrued until the discovery by the aggrieved party, the Attorney General, the district attorney, the county counsel, the city prosecutor, or the city attorney of the facts constituting grounds for commencing such an action.

(i) An action commenced under the Porter-Cologne Water Quality Control Act (Division 7 (commencing with Section 13000) of the Water Code). The cause of action in that case shall not be deemed to have accrued until the discovery by the State Water Resources Control Board or a regional water quality control board of the facts constituting grounds for commencing actions under their jurisdiction.

(j) An action to recover for physical damage to private property under Section 19 of Article I of the California Constitution.

(k) An action commenced under Division 26 (commencing with Section 39000) of the Health and Safety Code. These causes of action shall not be deemed to have accrued until the discovery by the State Air Resources Board or by a district, as defined in Section 39025 of the Health and Safety Code, of the facts constituting grounds for commencing the action under its jurisdiction.

(*l*) An action commenced under Section 1603.1, 1615, or 5650.1 of the Fish and Game Code. These causes of action shall not be deemed to have accrued until discovery by the agency bringing the action of the facts constituting the grounds for commencing the action.

(m) An action challenging the validity of the levy upon a parcel of a special tax levied by a local agency on a per parcel basis.

SEC. 1.5. Section 338 of the Code of Civil Procedure is amended to read:

338. Within three years:

(a) An action upon a liability created by statute, other than a penalty or forfeiture.

(b) An action for trespass upon or injury to real property.

(c) An action for taking, detaining, or injuring any goods or chattels, including actions for the specific recovery of personal property. The cause of action in the case of theft, as defined in Section 484 of the Penal Code, of any article of historical, interpretive, scientific, or artistic significance is not deemed to have accrued until the discovery of the whereabouts of the article by the aggrieved party, his or her agent, or the law enforcement agency which originally investigated the theft.

(d) An action for relief on the ground of fraud or mistake. The cause of action in that case is not to be deemed to have accrued until the discovery, by the aggrieved party, of the facts constituting the fraud or mistake.

(e) An action upon a bond of a public official except any cause of action based on fraud or embezzlement is not to be deemed to have accrued until the discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action upon the bond.

(f) (1) An action against a notary public on his or her bond or in his or her official capacity except that any cause of action based on malfeasance or misfeasance is not deemed to have accrued until discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action.

(2) Notwithstanding paragraph (1), an action based on malfeasance or misfeasance shall be commenced within one year from discovery, by the aggrieved party or his or her agent, of the facts constituting the cause of action or within three years from the performance of the notarial act giving rise to the action, whichever is later.

(3) Notwithstanding paragraph (1), an action against a notary public on his or her bond or in his or her official capacity shall be commenced within six years.

(g) An action for slander of title to real property.

(h) An action commenced under Section 17536 of the Business and Professions Code. The cause of action in that case shall not be deemed to have accrued until the discovery by the aggrieved party, the Attorney General, the district attorney, the county counsel, the city prosecutor, or the city attorney of the facts constituting grounds for commencing such an action.

(i) An action commenced under the Porter-Cologne Water Quality Control Act (Division 7 (commencing with Section 13000) of the Water Code). The cause of action in that case shall not be deemed to have accrued until the discovery by the State Water Resources Control Board

or a regional water quality control board of the facts constituting grounds for commencing actions under their jurisdiction.

(j) An action to recover for physical damage to private property under Section 19 of Article I of the California Constitution.

(k) An action commenced under Division 26 (commencing with Section 39000) of the Health and Safety Code. These causes of action shall not be deemed to have accrued until the discovery by the State Air Resources Board or by a district, as defined in Section 39025 of the Health and Safety Code, of the facts constituting grounds for commencing the action under its jurisdiction.

(*l*) An action commenced under Section 1603.1, 1615, or 5650.1 of the Fish and Game Code. These causes of action shall not be deemed to have accrued until discovery by the agency bringing the action of the facts constituting the grounds for commencing the action.

(m) An action challenging the validity of the levy upon a parcel of a special tax levied by a local agency on a per parcel basis.

(n) An action commencing under Section 51.7 of the Civil Code.

SEC. 2. Section 12007 of the Fish and Game Code is amended to read:

12007. Notwithstanding Section 12002, the punishment for (1) a second or subsequent violation of Section 1602 or 1605 on the same project or streambed alteration agreement; (2) each violation of Section 2270, 2271, 6400, 6400.5, 15202, 15509, or 15600; or (3) each violation of any regulation adopted pursuant to Section 15510, is a fine of not more than five thousand dollars ($5,000) or imprisonment in the county jail for a period not to exceed one year, or both the fine and imprisonment.

SEC. 3. Section 65040.2 of the Government Code is amended to read:

65040.2. (a) In connection with its responsibilities under subdivision (*l*) of Section 65040, the office shall develop and adopt guidelines for the preparation of and the content of the mandatory elements required in city and county general plans by Article 5 (commencing with Section 65300) of Chapter 3. For purposes of this section, the guidelines prepared pursuant to Section 50459 of the Health and Safety Code shall be the guidelines for the housing element required by Section 65302. In the event that additional elements are hereafter required in city and county general plans by Article 5 (commencing with Section 65300) of Chapter 3, the office shall adopt guidelines for those elements within six months of the effective date of the legislation requiring those additional elements.

(b) The office may request from each state department and agency, as it deems appropriate, and the department or agency shall provide, technical assistance in readopting, amending, or repealing the guidelines.

(c) The guidelines shall be advisory to each city and county in order to provide assistance in preparing and maintaining their respective general plans.

(d) The guidelines shall contain the guidelines for addressing environmental justice matters developed pursuant to Section 65040.12.

(e) The guidelines shall contain advice including recommendations for best practices to allow for collaborative land use planning of adjacent civilian and military lands and facilities. The guidelines shall encourage enhanced land use compatibility between civilian lands and any adjacent or nearby military facilities through the examination of potential impacts upon one another.

(f) The guidelines shall contain advice for addressing the effects of civilian development on military readiness activities carried out on all of the following:

(1) Military installations.

(2) Military operating areas.

(3) Military training areas.

(4) Military training routes.

(5) Military airspace.

(6) Other territory adjacent to those installations and areas.

(g) By March 1, 2005, the guidelines shall contain advice, developed in consultation with the Native American Heritage Commission, for consulting with California Native American tribes for all of the following:

(1) The preservation of, or the mitigation of impacts to, places, features, and objects described in Sections 5097.9 and 5097.993 of the Public Resources Code.

(2) Procedures for identifying through the Native American Heritage Commission the appropriate California Native American tribes.

(3) Procedures for continuing to protect the confidentiality of information concerning the specific identity, location, character, and use of those places, features, and objects.

(4) Procedures to facilitate voluntary landowner participation to preserve and protect the specific identity, location, character, and use of those places, features, and objects.

(h) The office shall provide for regular review and revision of the guidelines established pursuant to this section.

SEC. 4. Section 65352.3 of the Government Code is amended to read:

65352.3. (a) (1) Prior to the adoption or any amendment of a city or county's general plan, proposed on or after March 1, 2005, the city or county shall conduct consultations with California Native American tribes that are on the contact list maintained by the Native American Heritage Commission for the purpose of preserving or mitigating impacts

to places, features, and objects described in Sections 5097.9 and 5097.993 of the Public Resources Code that are located within the city or county's jurisdiction.

(2) From the date on which a California Native American tribe is contacted by a city or county pursuant to this subdivision, the tribe has 90 days in which to request a consultation, unless a shorter timeframe has been agreed to by that tribe.

(b) Consistent with the guidelines developed and adopted by the Office of Planning and Research pursuant to Section 65040.2, the city or county shall protect the confidentiality of information concerning the specific identity, location, character, and use of those places, features, and objects.

SEC. 5. Section 65560 of the Government Code is amended to read:

65560. (a) "Local open-space plan" is the open-space element of a county or city general plan adopted by the board or council, either as the local open-space plan or as the interim local open-space plan adopted pursuant to Section 65563.

(b) "Open-space land" is any parcel or area of land or water that is essentially unimproved and devoted to an open-space use as defined in this section, and that is designated on a local, regional or state open-space plan as any of the following:

(1) Open space for the preservation of natural resources including, but not limited to, areas required for the preservation of plant and animal life, including habitat for fish and wildlife species; areas required for ecologic and other scientific study purposes; rivers, streams, bays and estuaries; and coastal beaches, lakeshores, banks of rivers and streams, and watershed lands.

(2) Open space used for the managed production of resources, including but not limited to, forest lands, rangeland, agricultural lands and areas of economic importance for the production of food or fiber; areas required for recharge of groundwater basins; bays, estuaries, marshes, rivers and streams which are important for the management of commercial fisheries; and areas containing major mineral deposits, including those in short supply.

(3) Open space for outdoor recreation, including but not limited to, areas of outstanding scenic, historic and cultural value; areas particularly suited for park and recreation purposes, including access to lakeshores, beaches, and rivers and streams; and areas which serve as links between major recreation and open-space reservations, including utility easements, banks of rivers and streams, trails, and scenic highway corridors.

(4) Open space for public health and safety, including, but not limited to, areas which require special management or regulation because of hazardous or special conditions such as earthquake fault zones, unstable

soil areas, flood plains, watersheds, areas presenting high fire risks, areas required for the protection of water quality and water reservoirs and areas required for the protection and enhancement of air quality.

(5) Open space in support of the mission of military installations that comprises areas adjacent to military installations, military training routes, and underlying restricted airspace that can provide additional buffer zones to military activities and complement the resource values of the military lands.

(6) Open space for the protection of places, features, and objects described in Sections 5097.9 and 5097.993 of the Public Resources Code.

SEC. 6. Section 65562.5 of the Government Code is amended to read:

65562.5. On and after March 1, 2005, if land designated, or proposed to be designated as open space, contains a place, feature, or object described in Sections 5097.9 and 5097.993 of the Public Resources Code, the city or county in which the place, feature, or object is located shall conduct consultations with the California Native American tribe, if any, that has given notice pursuant to Section 65092 for the purpose of determining the level of confidentiality required to protect the specific identity, location, character, or use of the place, feature, or object and for the purpose of developing treatment with appropriate dignity of the place, feature, or object in any corresponding management plan.

SEC. 7. Section 85.3 of the Harbors and Navigation Code is repealed.

SEC. 8. Section 10109 of the Public Contract Code is amended to read:

10109. Any notice inviting bids on a project which specifies locations of possible materials, such as a borrow pit or gravel bed, for use in the proposed project which would be subject to Section 1602 of the Fish and Game Code shall include any conditions or modifications established pursuant to Section 1603.

SEC. 9. Section 20126 of the Public Contract Code is amended to read:

20126. Any notice inviting bids which specifies locations of possible materials, such as a borrow pit or gravel bed, for use in the proposed construction project which would be subject to Section 1602 of the Fish and Game Code shall include any conditions or modifications established pursuant to Section 1603 of the Fish and Game Code.

SEC. 10. Section 20165 of the Public Contract Code is amended to read:

20165. Any notice inviting bids, which specifies locations of possible materials, such as a borrow pit or gravel bed, for use in the proposed construction project which would be subject to Section 1602 of the Fish

and Game Code, shall include any conditions or modifications established pursuant to Section 1603 of the Fish and Game Code.

SEC. 11. Section 20676 of the Public Contract Code is amended to read:

20676. (a) Operators of surface mines in this state, whose operations are not identified in the list published pursuant to subdivision (b) of Section 2717 of the Public Resources Code, may not sell that California mined material to a local agency.

(b) As used in this section, local agency means any county, city, whether general law or chartered, city and county, town, school district, municipal corporation, district, political subdivision, or any board, commission, or agency thereof, or any other local public agency.

(c) The prohibition in subdivision (a) applies to a sale of mined material to a contractor when the contractor is acting on behalf of, or pursuant to, a contract with a local agency, or otherwise tends to use the mined material on a project of a local agency.

SEC. 12. Section 665 of the Public Resources Code is repealed.

SEC. 13. Section 733 of the Public Resources Code is repealed.

SEC. 14. Section 2207 of the Public Resources Code is amended to read:

2207. (a) The owner, lessor, lessee, agent, manager, or other person in charge of any mining operation of whatever kind or character within the state shall forward to the director annually not later than a date established by the director, upon forms furnished by the board, a report that identifies all of the following:

(1) The name, address, and telephone number of the person, company, or other owner of the mining operation.

(2) The name, address, and telephone number of a designated agent who resides in this state, and who will receive and accept service of all orders, notices, and processes of the lead agency, board, director, or court.

(3) The location of the mining operation, its name, its mine number as issued by the Bureau of Mines or the director, its section, township, range, latitude, longitude, and approximate boundaries of the mining operation marked on a United States Geological Survey 7 ½-minute or 15-minute quadrangle map.

(4) The lead agency.

(5) The approval date of the mining operation's reclamation plan.

(6) The mining operation's status as active, idle, reclaimed, or in the process of being reclaimed.

(7) The commodities produced by the mine and the type of mining operation.

(8) Proof of annual inspection by the lead agency.

(9) Proof of financial assurances.

(10) Ownership of the property, including government agencies, if applicable, by the assessor's parcel number, and total assessed value of the mining operation.

(11) The approximate permitted size of the mining operation subject to Chapter 9 (commencing with Section 2710), in acres.

(12) The approximate total acreage of land newly disturbed by the mining operation during the previous calendar year.

(13) The approximate total of disturbed acreage reclaimed during the previous calendar year.

(14) The approximate total unreclaimed disturbed acreage remaining as of the end of the calendar year.

(15) The total production for each mineral commodity produced during the previous year.

(16) A copy of any approved reclamation plan and any amendments or conditions of approval to any existing reclamation plan approved by the lead agency.

(b) Every year, not later than the date established by the director, the person submitting the report pursuant to subdivision (a) shall forward to the lead agency, upon forms furnished by the board, a report that provides all of the information specified in paragraphs (1) to (14), inclusive, of subdivision (a).

(c) Subsequent reports shall include only changes in the information submitted for the items described in subdivision (a), except that, instead of the approved reclamation plan, the reports shall include any reclamation plan amendments approved during the previous year. The reports shall state whether review of a reclamation plan, financial assurances, or an interim management plan is pending under subdivision (b), (c), (d), or (h) of Section 2770, or whether an appeal before the board or lead agency governing body is pending under subdivision (e) or (h) of Section 2770. The director shall notify the person submitting the report and the owner's designated agent in writing that the report and the fee required pursuant to subdivision (d) have been received, specify the mining operation's mine number if one has not been issued by the Bureau of Mines, and notify the person and agent of any deficiencies in the report within 90 days of receipt. That person or agent shall have 30 days from receipt of the notification to correct the noted deficiencies and forward the revised reports to the director and the lead agency. Any person who fails to comply with this section, or knowingly provides incorrect or false information in reports required by this section, may be subject to an administrative penalty as provided in subdivision (c) of Section 2774.1.

(d) (1) The board shall impose, by regulation, pursuant to paragraph (2), an annual reporting fee on, and method for collecting annual fees from, each active or idle mining operation. The maximum fee for any single mining operation may not exceed four thousand dollars ($4,000) annually and may not be less than one hundred dollars ($100) annually, as adjusted for the cost of living as measured by the California Consumer Price Index for all urban consumers, calendar year averages, using the percentage change in the previous year, beginning with the 2005-06 fiscal year and annually thereafter.

(2) (A) The board shall adopt, by regulation, a schedule of fees authorized under paragraph (1) to cover the department's cost in carrying out this section and Chapter 9 (commencing with Section 2710), as reflected in the Governor's Budget, and may adopt those regulations as emergency regulations. In establishing the schedule of fees to be paid by each active and idle mining operation, the fees shall be calculated on an equitable basis reflecting the size and type of operation. The board shall also consider the total assessed value of the mining operation, the acreage disturbed by mining activities, and the acreage subject to the reclamation plan.

(B) Regulations adopted pursuant to this subdivision shall be adopted by the board in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of any emergency regulations pursuant to this subdivision shall be considered necessary to address an emergency and shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health, safety, and general welfare.

(3) The total revenue generated by the reporting fees may not exceed, and may be less than, the amount of three million five hundred thousand dollars ($3,500,000), as adjusted for the cost of living as measured by the California Consumer Price Index for all urban consumers, calendar year averages, using the percentage change in the previous year, beginning with the 2005-06 fiscal year and annually thereafter. If the director determines that the revenue collected during the preceding fiscal year was greater or less than the cost to operate the program, the board shall adjust the fees to compensate for the overcollection or undercollection of revenues.

(4) (A) The reporting fees established pursuant to this subdivision shall be deposited in the Mine Reclamation Account, which is hereby created. Any fees, penalties, interest, fines, or charges collected by the director or board pursuant to this chapter or Chapter 9 (commencing with Section 2710) shall be deposited in the Mine Reclamation Account. The money in the account shall be available to the department and board, upon appropriation by the Legislature, for the purpose of carrying out

this section and complying with Chapter 9 (commencing with Section 2710), which includes, but is not limited to, classification and designation of areas with mineral resources of statewide or regional significance, reclamation plan and financial assurance review, mine inspection, and enforcement.

(B) (i) In addition to reporting fees, the board shall collect five dollars ($5) per ounce of gold and ten cents ($0.10) per ounce of silver mined within the state and shall deposit the fees collected in the Abandoned Mine Reclamation and Minerals Fund Subaccount, which is hereby created in the Mine Reclamation Account. The department may expend the moneys in the subaccount, upon appropriation by the Legislature, for only the purposes of Sections 2796.5 and 2797.

(ii) Notwithstanding subdivision (j) of Section 2796.5, fees collected pursuant to clause (i) may also be used to remediate features of historic abandoned mines and lands that they impact. For the purposes of this section, historic abandoned mines are mines for which operations have been conducted before January 1, 1976, and include, but are not limited to, historic gold and silver mines.

(5) In case of late payment of the reporting fee, a penalty of not less than one hundred dollars ($100) or 10 percent of the amount due, whichever is greater, plus interest at the rate of 1 ½ percent per month, computed from the delinquent date of the assessment until and including the date of payment, shall be assessed. New mining operations that have not submitted a report shall submit a report prior to commencement of operations. The new operation shall submit its fee according to the reasonable fee schedule adopted by the board, and the month that the report is received shall become that operation's anniversary month.

(e) The lead agency, or the board when acting as the lead agency, may impose a fee upon each mining operation to cover the reasonable costs incurred in implementing this chapter and Chapter 9 (commencing with Section 2710).

(f) For purposes of this section, "mining operation" has the same meaning as "surface mining operation" as defined in Section 2735, unless excepted by Section 2714. For the purposes of fee collections only, "mining operation" may include one or more mines operated by a single operator or mining company on one or more sites, if the total annual combined mineral production for all sites is less than 100 troy ounces for precious metals, if precious metals are the primary mineral commodity produced, or less than 100,000 short tons if the primary mineral commodity produced is not precious metals.

(g) Any information in reports submitted pursuant to subdivision (a) that includes or otherwise indicates the total mineral production, reserves, or rate of depletion of any mining operation may not be disclosed to any

member of the public, as defined in subdivision (b) of Section 6252 of the Government Code. Other portions of the reports are public records unless excepted by statute. Statistical bulletins based on these reports and published under Section 2205 shall be compiled to show, for the state as a whole and separately for each lead agency, the total of each mineral produced therein. In order not to disclose the production, reserves, or rate of depletion from any identifiable mining operation, no production figure shall be published or otherwise disclosed unless that figure is the aggregated production of not less than three mining operations. If the production figure for any lead agency would disclose the production, reserves, or rate of depletion of less than three mining operations or otherwise permit the reasonable inference of the production, reserves, or rate of depletion of any identifiable mining operation, that figure shall be combined with the same figure of not less than two other lead agencies without regard to the location of the lead agencies. The bulletin shall be published annually by June 30 or as soon thereafter as practicable.

SEC. 15. Section 2797 of the Public Resources Code is repealed.

SEC. 16. Section 4535 of the Public Resources Code is repealed.

SEC. 17. Section 4561.5 of the Public Resources Code is amended to read:

4561.5. The board may from time to time, after a public hearing, amend permanent stocking standards applicable to commercial timberland where the growing timber does not meet the acceptable stocking standards as enumerated in Section 4561.

SEC. 18. Section 4561.6 of the Public Resources Code is repealed.

SEC. 19. Section 5003.13 is added to the Public Resources Code, to read:

5003.13. (a) The director may grant, in trust, an easement, subject to an agreement reached between the department and the County of Santa Cruz, of 420 feet of Aptos Creek Road as it extends northward from Soquel Drive to the County of Santa Cruz for county road purposes, if those uses include access for beach, park, and recreational purposes.

(b) The County of Santa Cruz shall use and maintain any lands, and any improvements thereon, that are granted to the county pursuant to subdivision (a).

SEC. 20. Section 5072.3 of the Public Resources Code is repealed.

SEC. 21. Section 29411 of the Public Resources Code is repealed.

SEC. 22. Section 29412 of the Public Resources Code is repealed.

SEC. 23. Section 30521 of the Public Resources Code is repealed.

SEC. 24. Section 31165 is added to the Public Resources Code, to read:

31165. In order to benefit the San Francisco Bay region, the conservancy may undertake projects and award grants for activities that are compatible with the preservation, restoration, or enhancement of ocean, coastal, bay, or watershed resources, or that facilitate environmental education related to these resources. These projects or activities may include, but are not limited to, exhibits or events emphasizing coastal, watershed, or ocean resources education, or maritime history, or the development of amenities and infrastructure consistent with this chapter.

SEC. 25. Section 31220 of the Public Resources Code is amended to read:

31220. (a) In order to improve and protect coastal and marine water quality and habitats, the conservancy may undertake coastal watershed and coastal and marine habitat water quality, sediment management, and living marine resources protection and restoration projects or award grants for those projects, consistent with this chapter. Except for projects described in paragraph (7), (8), (9), or (10) of subdivision (b), the conservancy shall consult with the State Water Resources Control Board in the development of the project or grant to ensure consistency with Chapter 3 (commencing with Section 30915) of Division 20.4 of the Public Resources Code.

(b) The conservancy may undertake a project or award a grant for a project under this section only if the project does one or more of the following:

(1) Reduces contamination of waters within the coastal zone or marine waters.

(2) Protects or restores fish and wildlife habitat within coastal and marine waters and coastal watersheds, including, but not limited to, permit coordination projects for watershed restoration.

(3) Reduces threats to coastal and marine fish and wildlife.

(4) Reduces unnatural erosion and sedimentation of coastal watersheds or contributes to the reestablishment of natural erosion and sediment cycles.

(5) Provides for monitoring and mapping of coastal currents, marine habitats, and marine wildlife, in order to facilitate the protection and enhancement of resources within the coastal zone. A project considered under this paragraph shall be implemented in consultation with the Department of Fish and Game.

(6) Acquires, protects, and restores coastal wetlands, riparian areas, floodplains, and other sensitive watershed lands, including watershed lands draining to sensitive coastal or marine areas.

(7) Reduces the impact of population and economic pressures on coastal and marine resources.

(8) Provides for public access compatible with resource protection and restoration objectives.

(9) Provides for the construction or expansion of nature centers or research facilities that emphasize conservation education or research activities focusing on the marine portion of the coastal zone or the land and ocean interface.

(10) Provides for projects and activities consistent with Division 26.5 (commencing with Section 35500).

(c) Projects funded pursuant to this section shall include a monitoring and evaluation component and shall be consistent with the following, if available and relevant to the project:

(1) Integrated Watershed Management Program established pursuant to Section 30947.

(2) Local watershed management plans.

(3) Water quality control plans adopted by the State Water Resources Control Board and regional water quality control boards.

SEC. 26. Section 31316 is added to the Public Resources Code, to read:

31316. Within the conservancy's jurisdiction pursuant to this chapter and within urban coastal watershed areas, the conservancy may undertake projects and award grants for activities that are compatible with the preservation, restoration, or enhancement of ocean, coastal, or watershed resources, or that facilitate environmental education related to these resources. These projects or activities may include, but are not limited to, exhibits or events emphasizing coastal, watershed, or ocean resource education, or maritime history, or the development of amenities and infrastructure consistent with this chapter.

SEC. 27. Section 42240 of the Public Resources Code is amended to read:

42240. The Department of General Services and the board, in consultation with other affected state agencies, shall maintain specifications for the purchase of compost by the State of California. The specifications shall designate the state minimum operating standards and product quality standards. The specifications shall be designed to maximize the use of compost without jeopardizing the safety and health of the citizens of the state or the environment.

SEC. 28. Section 359 of the Water Code is amended to read:

359. Notwithstanding any other provision of law which requires an election for the purpose of authorizing a contract with the United States, or for incurring the obligation to repay loans from the United States, and except as otherwise limited or prohibited by the Constitution of the State of California, a public water agency may, as an alternative procedure to submitting the proposal to an election, upon affirmative vote of four-fifths

of the members of the governing body thereof, apply for, accept, provide for the repayment together with interest thereon, and use funds made available by the federal government pursuant to Public Law 95-18, pursuant to any other federal act subsequently enacted during 1977 which specifically provides emergency drought relief financing, or pursuant to existing federal relief programs receiving budget augmentations in 1977 for drought assistance, and may enter into such contracts as are required to obtain such federal funds pursuant to the provisions of such federal acts; provided the following conditions exist:

(a) The project is undertaken by state, regional, or local governmental agency.

(b) As a result of the severe drought now existing in many parts of the state, the agency has insufficient water supply needed to meet necessary agricultural, domestic, industrial, recreational, and fish and wildlife needs within the service area or area of jurisdiction of the agency.

(c) The project will develop or conserve water before October 31, 1978, and will assist in mitigating the impacts of the drought.

(d) The agency affirms that it will comply, if applicable, with Sections 1602, 1603, and 1605 of the Fish and Game Code.

(e) The project will be completed on or before the completion date, if any, required under the federal act providing the funding, but not later than March 1, 1978.

Any obligation to repay loans shall be expressly limited to revenues of the system improved by the proceeds of the contract.

No application for such federal funds pursuant to the authority of this section shall be made on or after March 1, 1978.

Notwithstanding the provisions of this section, a public agency shall not be exempt from any provision of law which requires the submission of such proposal to an election if a petition requesting such an election signed by 10 percent of the registered voters within the public agency is presented to the governing board within 30 days following the submission of an application for such federal funds.

Notwithstanding the provisions of this section, a public water agency which applied for federal funds for a project prior to January 1, 1978, may make application to the Director of the Drought Emergency Task Force for extension of the required completion date specified in subdivision (e). Following receipt of an application for extension, the Director of the Drought Emergency Task Force may extend the required completion date specified in subdivision (e) to a date not later than September 30, 1978, if the director finds that the project has been delayed by factors not controllable by the public water agency. If the Drought Emergency Task Force is dissolved, the Director of Water Resources

shall exercise the authority vested in the Director of the Drought Emergency Task Force pursuant to this section.

For the purposes of this section, "public water agency" means a city, district, agency, authority, or any other political subdivision of the state, except the state, which distributes water to the inhabitants thereof, which is otherwise authorized by law to enter into contracts or agreements with the federal government for a water supply or for financing facilities for a water supply, and which is otherwise required by law to submit such agreements or contracts or any other project involving long-term debt to an election within such public water agency.

SEC. 29. (a) If the City of Exeter or the City of Porterville contracts with an unincorporated disadvantaged community to provide water services to that community, the provision of water services, by itself, shall not cause the City of Exeter or the City of Porterville to lose any applicable exemptions to general law for projects related to the provision of water services conducted within the city's boundaries.

(b) For the purpose of this section, "disadvantaged community" means a community, as defined in Section 79505.5 of the Water Code, that is unable to meet the health and safety standards for water services pursuant to Article 1 (commencing with Section 116270) of Chapter 4 of Part 12 of Division 104 of the Health and Safety Code.

(c) For the purposes of this section, "applicable exemption" means an exemption that the City of Exeter or the City of Porterville has before the provision of water services pursuant to subdivision (a).

SEC. 30. The Legislature finds and declares that, because of the unique and special circumstances associated with the impoverished rural communities near the City of Exeter and the City of Porterville, 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, the enactment of a special law is necessary for the provision of water services to residents of those rural communities.

SEC. 31. Section 1.5 of this bill incorporates amendments to Section 338 of the Code of Civil Procedure proposed by both this bill and AB 378. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 338 of the Code of Civil Procedure, and (3) this bill is enacted after AB 378, in which case Section 1 of this bill shall not become operative.

SEC. 32. Section 4 of this bill, amending Section 65352.3 of the Government Code, shall not become operative if SB 922 is enacted and also amends Section 65352.3 of the Government Code.

SEC. 33. Section 5 of this bill, amending Section 65560 of the Government Code, shall not become operative if SB 922 is enacted and also amends Section 65560 of the Government Code.

SEC. 34. Section 6 of this bill, amending Section 65562.5 of the Government Code, shall not become operative if SB 922 is enacted and also amends Section 65562.5 of the Government Code.

SEC. 35. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provisions or applications.

CHAPTER 384

An act to amend Section 89416 of the Education Code, relating to the California State University.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 89416 of the Education Code is amended to read:

89416. (a) The trustees may establish an African American Political and Economic Institute at California State University, Dominguez Hills, with nonpublic funds or other funds that the California State University, Dominguez Hills, is authorized to expend for, and makes available for, this purpose.

(b) (1) It is the intent of the Legislature that the institute also be funded by grants and contributions from private sources.

(2) No funds, or resources supported by funds, available to the California State University for support of its educational mission, shall be redirected to support the institute, including General Fund moneys, funds from the California State Lottery Education Fund, student fee revenues, and reimbursements and other income that otherwise would be available for support of the educational mission of the California State University.

(3) If any funds, or resources supported by funds, specified in paragraph (2) are utilized for the initial startup costs of the institute, those funds shall be fully reimbursed by the institute from funding subsequently received by the institute through grants and contributions from private sources.

(c) An advisory board to the institute may be established. No fees or any other form of compensation shall be paid to the members of the advisory board.

(d) Nothing in this section shall be construed to prohibit California State University, Dominguez Hills, from seeking nonpublic funds to support the institute.

CHAPTER 385

An act to amend Sections 7122.2, 7159, 7159.5, 7159.10, 7159.11, and 7167 of, and to repeal Sections 7159.3, 7159.4, 7159.12, and 7159.13 of, the Business and Professions Code, and to amend Sections 1689.6, 1689.7, and 1689.15 of the Civil Code, relating to contractors.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 7122.2 of the Business and Professions Code is amended to read:

7122.2. (a) Notwithstanding Section 7068.2 or any other provisions of this chapter, the disassociation of any qualifying partner, responsible managing officer, or responsible managing employee from a license that has been referred to arbitration pursuant to Section 7085 shall not relieve the qualifying partner, responsible managing officer, or responsible managing employee from the responsibility of complying with an arbitration award rendered as a result of acts or omissions committed while acting as the qualifying partner, responsible managing officer, or responsible managing employee for the license as provided under Sections 7068 and 7068.1.

(b) Section 7122.5 shall apply to any qualifying partner, responsible managing officer, or responsible managing employee of a licensee that fails to comply with an arbitration award once it is rendered.

SEC. 2. Section 7159 of the Business and Professions Code, as amended by Section 7 of Chapter 48 of the Statutes of 2005, is amended to read:

7159. (a) (1) This section identifies the projects for which a home improvement contract is required, outlines the contract requirements and lists the items that shall be included in the contract, or may be provided as an attachment.

(2) This section does not apply to service and repair contracts which are subject to Section 7159.10, provided the contract for the applicable services complies with Sections 7159.10 to 7159.14, inclusive.

(3) Failure by the licensee, his or her agent or salesperson, or by a person subject to be licensed under this chapter, to provide the specified information, notices, and disclosures in the contract, or to otherwise fail to comply with any provision of this section, is cause for discipline.

(b) For purposes of this section, "home improvement contract" means an agreement, whether oral or written, or contained in one or more documents, between a contractor and an owner or between a contractor and a tenant, regardless of the number of residence or dwelling units contained in the building in which the tenant resides, if the work is to be performed in, to, or upon the residence or dwelling unit of the tenant, for the performance of a home improvement, as defined in Section 7151, and includes all labor, services, and materials to be furnished and performed thereunder, if the aggregate contract price specified in one or more improvement contracts, including all labor, services, and materials to be furnished by the contractor, exceeds five hundred dollars ($500). "Home improvement contract" also means an agreement, whether oral or written, or contained in one or more documents, between a salesperson, whether or not he or she is a home improvement salesperson, and an owner or a tenant, regardless of the number of residence or dwelling units contained in the building in which the tenant resides, which provides for the sale, installation, or furnishing of home improvement goods or services.

(c) In addition to the specific requirements listed under this section, every home improvement contract and any person subject to licensure under this chapter or his or her agent or salesperson shall comply with all of the following:

(1) The writing shall be legible.

(2) Any printed form shall be readable. Unless a larger typeface is specified in this article, text in any printed form shall be in at least 10-point typeface and the headings shall be in at least 10-point boldface type.

(3) (A) Before any work is started, the contractor shall give the buyer a copy of the contract signed and dated by both the contractor and the buyer. The buyer's receipt of the copy of the contract initiates the buyer's rights to cancel the contract pursuant to Sections 1689.5 to 1689.14, inclusive, of the Civil Code.

(B) The contract shall contain on the first page, in a typeface no smaller than that generally used in the body of the document, both of the following:

(i) The date the buyer signed the contract.

(ii) The name and address of the contractor to which the applicable "Notice of Cancellation" is to be mailed, immediately preceded by a statement advising the buyer that the "Notice of Cancellation" may be sent to the contractor at the address noted on the contract.

(4) A statement that, upon satisfactory payment being made for any portion of the work performed, the contractor shall, prior to any further payment being made, furnish to the person contracting for the home improvement or swimming pool work a full and unconditional release from any claim or mechanic's lien pursuant to Section 3114 of the Civil Code for that portion of the work for which payment has been made.

(5) A change-order form for changes or extra work shall be incorporated into the contract and shall become part of the contract only if it is in writing and signed by the parties prior to the commencement of any work covered by a change order.

(6) The contract shall contain, in close proximity to the signatures of the owner and contractor, a notice stating that the owner or tenant has the right to require the contractor to have a performance and payment bond.

(7) If the contract provides for a contractor to furnish joint control, the contractor shall not have any financial or other interest in the joint control.

(8) The provisions of this section are not exclusive and do not relieve the contractor from compliance with any other applicable provision of law.

(d) A home improvement contract and any changes to the contract, shall be in writing and signed by the parties to the contract prior to the commencement of any work covered by the contract or applicable change order, and shall include or comply with all of the following:

(1) The name, business address, and license number of the contractor.

(2) If applicable, the name and registration number of the home improvement salesperson that solicited or negotiated the contract.

(3) The following heading on the contract form that identifies the type of contract in at least 10-point boldface type: "Home Improvement."

(4) The following statement in at least 12-point boldface type: "You are entitled to a completely filled in copy of this agreement, signed by both you and the contractor, before any work may be started."

(5) The heading: "Contract Price," followed by the amount of the contract in dollars and cents.

(6) If a finance charge will be charged, the heading: "Finance Charge," followed by the amount in dollars and cents. The finance charge is to be set out separately from the contract amount.

(7) The heading: "Description of the Project and Description of the Significant Materials to be Used and Equipment to be Installed," followed

by a description of the project and a description of the significant materials to be used and equipment to be installed. For swimming pools, the project description required under this paragraph also shall include a plan and scale drawing showing the shape, size, dimensions, and the construction and equipment specifications.

(8) If a down payment will be charged, the details of the down payment shall be expressed in substantially the following form, and shall include the text of the notice as specified in subparagraph (C):

(A) The heading: "Down Payment."

(B) A space where the actual down payment appears.

(C) The following statement in at least 12-point boldface type:

"THE DOWN PAYMENT MAY NOT EXCEED $1,000 OR 10 PERCENT OF THE CONTRACT PRICE, WHICHEVER IS LESS."

(9) If any payments, other than the down payment, is to be made before the project is completed, the details of these payments, known as progress payments, shall be expressed in substantially the following form, and shall include the text of the statement as specified in subparagraph (C):

(A) A schedule of progress payments shall be preceded by the heading: "Schedule of Progress Payments."

(B) Each progress payment shall be stated in dollars and cents and specifically reference the amount of work or services to be performed and any materials and equipment to be supplied.

(C) The section of the contract reserved for the progress payments shall include the following statement in at least 12-point boldface type:

"The schedule of progress payments must specifically describe each phase of work, including the type and amount of work or services scheduled to be supplied in each phase, along with the amount of each proposed progress payment. IT IS AGAINST THE LAW FOR A CONTRACTOR TO COLLECT PAYMENT FOR WORK NOT YET COMPLETED, OR FOR MATERIALS NOT YET DELIVERED. HOWEVER, A CONTRACTOR MAY REQUIRE A DOWNPAYMENT."

(10) The contract shall address the commencement of work to be performed in substantially the following form:

(A) A statement that describes what constitutes substantial commencement of work under the contract.

(B) The heading: "Approximate Start Date."

(C) The approximate date on which work will be commenced.

(11) The estimated completion date of the work shall be referenced in the contract in substantially the following form:

(A) The heading: "Approximate Completion Date."

(B) The approximate date of completion.

(12) If applicable, the heading: "List of Documents to be Incorporated into the Contract," followed by the list of documents incorporated into the contract.

(13) The heading: "Note about Extra Work and Change Orders," followed by the following statement:

"Extra Work and Change Orders become part of the contract once the order is prepared in writing and signed by the parties prior to the commencement of any work covered by the new change order. The order must describe the scope of the extra work or change, the cost to be added or subtracted from the contract, and the effect the order will have on the schedule of progress payments."

(e) All of the following notices shall be provided to the owner as part of the contract form as specified or, if otherwise authorized under this subdivision, may be provided as an attachment to the contract:

(1) A notice concerning commercial general liability insurance. This notice may be provided as an attachment to the contract if the contract includes the following statement: "A notice concerning commercial general liability insurance is attached to this contract." The notice shall include the heading "Commercial General Liability Insurance (CGL)," followed by whichever of the following statements is both relevant and correct:

(A) "(The name on the license or 'This contractor') does not carry commercial general liability insurance."

(B) "(The name on the license or 'This contractor') carries commercial general liability insurance written by (the insurance company). You may call the (insurance company) at _____ to check the contractor's insurance coverage."

(C) "(The name on the license or 'This contractor') is self-insured."

(2) A notice concerning workers' compensation insurance. This notice may be provided as an attachment to the contract if the contract includes the statement: "A notice concerning workers' compensation insurance is attached to this contract." The notice shall include the heading "Workers' Compensation Insurance" followed by whichever of the following statements is correct:

(A) "(The name on the license or 'This contractor') has no employees and is exempt from workers' compensation requirements."

(B) "(The name on the license or 'This contractor') carries workers' compensation insurance for all employees."

(3) A notice that provides the buyer with the following information about the performance of extra or change-order work:

(A) A statement that the buyer may not require a contractor to perform extra or change-order work without providing written authorization prior to the commencement of any work covered by the new change order.

(B) A statement informing the buyer that extra work or a change order is not enforceable against a buyer unless the change order also identifies all of the following in writing prior to the commencement of any work covered by the new change order:

(i) The scope of work encompassed by the order.

(ii) The amount to be added or subtracted from the contract.

(iii) The effect the order will make in the progress payments or the completion date.

(C) A statement informing the buyer that the contractor's failure to comply with the requirements of this paragraph does not preclude the recovery of compensation for work performed based upon legal or equitable remedies designed to prevent unjust enrichment.

(4) A notice with the heading "Mechanics' Lien Warning" written as follows:

"MECHANICS LIEN WARNING:

Anyone who helps improve your property, but who is not paid, may record what is called a mechanics' lien on your property. A mechanics' lien is a claim, like a mortgage or home equity loan, made against your property and recorded with the county recorder.

Even if you pay your contractor in full, unpaid subcontractors, suppliers, and laborers who helped to improve your property may record mechanics' liens and sue you in court to foreclose the lien. If a court finds the lien is valid, you could be forced to pay twice or have a court officer sell your home to pay the lien. Liens can also affect your credit.

To preserve their right to record a lien, each subcontractor and material supplier must provide you with a document called a '20-day Preliminary Notice.' This notice is not a lien. The purpose of the notice is to let you know that the person who sends you the notice has the right to record a lien on your property if he or she is not paid.

BE CAREFUL. The Preliminary Notice can be sent up to 20 days after the subcontractor starts work or the supplier provides material. This can be a big problem if you pay your contractor before you have received the Preliminary Notices.

You will not get Preliminary Notices from your prime contractor or from laborers who work on your project. The law assumes that you already know they are improving your property.

PROTECT YOURSELF FROM LIENS. You can protect yourself from liens by getting a list from your contractor of all the subcontractors and material suppliers that work on your project. Find out from your contractor when these subcontractors started work and when these suppliers delivered goods or materials. Then wait 20 days, paying attention to the Preliminary Notices you receive.

PAY WITH JOINT CHECKS. One way to protect yourself is to pay with a joint check. When your contractor tells you it is time to pay for the work of a subcontractor or supplier who has provided you with a Preliminary Notice, write a joint check payable to both the contractor and the subcontractor or material supplier.

For other ways to prevent liens, visit CSLB's Web site at www.cslb.ca.gov or call CSLB at 800-321-CSLB (2752).

REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING A LIEN PLACED ON YOUR HOME. This can mean that you may have to pay twice, or face the forced sale of your home to pay what you owe."

(5) The following notice shall be provided in at least 12-point typeface: "Information about the Contractors' State License Board (CSLB): CSLB is the state consumer protection agency that licenses and regulates construction contractors.

Contact CSLB for information about the licensed contractor you are considering, including information about disclosable complaints, disciplinary actions and civil judgments that are reported to CSLB.

Use only licensed contractors. If you file a complaint against a licensed contractor within the legal deadline (usually four years), CSLB has authority to investigate the complaint. If you use an unlicensed contractor, CSLB may not be able to help you resolve your complaint. Your only remedy may be in civil court, and you may be liable for damages arising out of any injuries to the unlicensed contractor or the unlicensed contractor's employees.

For more information:

Visit CSLB's Web site at www.cslb.ca.gov

Call CSLB at 800-321-CSLB (2752)

Write CSLB at P.O. Box 26000, Sacramento, CA 95826."

(6) (A) The notice set forth in subparagraph (B) and entitled "Three-Day Right to Cancel," shall be provided to the buyer unless the contract is:

(i) Negotiated at the contractor's place of business.

(ii) Subject to the "Seven-Day Right to Cancel," as set forth in paragraph (8).

(iii) Subject to licensure under the Alarm Company Act (Chapter 11.6 (commencing with Section 7590)), provided the alarm company licensee complies with Sections 1689.5, 1689.6, and 1689.7 of the Civil Code, as applicable.

(B) "Three-Day Right to Cancel

"You, the buyer, have the right to cancel this contract within three business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the third business day after you received a signed

and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received it, any goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract."

(C) The "Three-Day Right to Cancel" notice required by this paragraph shall comply with all of the following:

(i) The text of the notice is at least 12-point boldface type.

(ii) The notice is in immediate proximity to a space reserved for the owner's signature.

(iii) The owner acknowledges receipt of the notice by signing and dating the notice form in the signature space.

(iv) The notice is written in the same language, e.g., Spanish, as that principally used in any oral sales presentation.

(v) The notice may be attached to the contract if the contract includes, in at least 12-point boldface type, a checkbox with the following statement: "The law requires that the contractor give you a notice explaining your right to cancel. Initial the checkbox if the contractor has given you a 'Notice of the Three-Day Right to Cancel.'"

(vi) The notice shall be accompanied by a completed form in duplicate, captioned "Notice of Cancellation," which shall also be attached to the agreement or offer to purchase and be easily detachable, and which shall contain the following statement written in the same language, e.g., Spanish, as used in the contract:

"Notice of Cancellation"

/enter date of transaction/

_____

(Date)

"You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract."

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram

to _____,
/name of seller/

at _____
/address of seller's place of business/

not later than midnight of _____.
(Date)

I hereby cancel this transaction. _____
(Date)

_____
(Buyer's signature)

(7) (A) The following notice entitled "Seven-Day Right to Cancel" shall be provided to the buyer for any contract that is written for the repair or restoration of residential premises damaged by any sudden or catastrophic event for which a state of emergency has been declared by the President of the United States or the Governor, or for which a local emergency has been declared by the executive officer or governing body of any city, county, or city and county:

"Seven-Day Right to Cancel

You, the buyer, have the right to cancel this contract within seven business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the seventh business day after you received a

signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received it, any goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract."

(B) The "Seven-Day Right to Cancel" notice required by this subdivision shall comply with all of the following:

(i) The text of the notice is at least 12-point boldface type.

(ii) The notice is in immediate proximity to a space reserved for the owner's signature.

(iii) The owner acknowledges receipt of the notice by signing and dating the notice form in the signature space.

(iv) The notice is written in the same language, e.g., Spanish, as that principally used in any oral sales presentation.

(v) The notice may be attached to the contract if the contract includes, in at least 12-point boldface type, a checkbox with the following statement: "The law requires that the contractor give you a notice explaining your right to cancel. Initial the checkbox if the contractor has given you a 'Notice of the Seven-Day Right to Cancel.'"

(vi) The notice shall be accompanied by a completed form in duplicate, captioned "Notice of Cancellation," which shall also be attached to the agreement or offer to purchase and be easily detachable, and which shall contain the following statement written in the same language, e.g., Spanish, as used in the contract:

"Notice of Cancellation"

/enter date of transaction/

_____

(Date)

"You may cancel this transaction, without any penalty or obligation, within seven business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract."

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram

to _____,
/name of seller/

at _____
/address of seller's place of business/

not later than midnight of _____.
(Date)

I hereby cancel this transaction. _____
(Date)

_____
(Buyer's signature)

SEC. 3. Section 7159.3 of the Business and Professions Code, as amended by Section 9 of Chapter 48 of the Statutes of 2005, is repealed.

SEC. 4. Section 7159.4 of the Business and Professions Code, as amended by Section 10 of Chapter 48 of the Statutes of 2005, is repealed.

SEC. 5. Section 7159.5 of the Business and Professions Code, as amended by Section 11 of Chapter 48 of the Statutes of 2005, is amended to read:

7159.5. This section applies to all home improvement contracts, as defined in Section 7151.2, between an owner or tenant and a contractor, whether a general contractor or a specialty contractor, who is licensed or subject to be licensed pursuant to this chapter with regard to the transaction.

(a) Failure by the licensee or a person subject to be licensed under this chapter, or by his or her agent or salesperson to comply with the following provisions is cause for discipline:

(1) The contract shall include the agreed contract amount in dollars and cents. The contract amount shall include the entire cost of the contract, including profit, labor, and materials, but excluding finance charges.

(2) If there is a separate finance charge between the contractor and the person contracting for home improvement, the finance charge shall be set out separately from the contract amount.

(3) If a downpayment will be charged, the downpayment may not exceed one thousand dollars ($1,000) or 10 percent of the contract amount, whichever is less.

(4) If, in addition to a down payment, the contract provides for payments to be made prior to completion of the work, the contract shall include a schedule of payments in dollars and cents specifically referencing the amount of work or services to be performed and any materials and equipment to be supplied.

(5) Except for a downpayment, the contractor may neither request nor accept payment that exceeds the value of the work performed or material delivered.

(6) Upon any payment by the person contracting for home improvement, and prior to any further payment being made, the contractor shall, if requested, obtain and furnish to the person a full and unconditional release from any potential lien claimant claim or mechanic's lien pursuant to Section 3114 of the Civil Code for any portion of the work for which payment has been made. The person contracting for home improvement may withhold all further payments until these releases are furnished.

(7) If the contract provides for a payment of a salesperson's commission out of the contract price, that payment shall be made on a pro rata basis in proportion to the schedule of payments made to the contractor by the disbursing party in accordance with paragraph (4).

(8) A contractor furnishing a performance and payment bond, lien and completion bond, or a bond equivalent or joint control approved by the registrar covering full performance and payment is exempt from paragraphs (3), (4), and (5), and need not include, as part of the contract, the Mechanics' Lien Warning which is a requirement specified in Section 7159. A contractor furnishing these bonds, bond equivalents, or a joint control approved by the registrar may accept payment prior to completion. If the contract provides for a contractor to furnish joint control, the contractor shall not have any financial or other interest in the joint control.

(b) A violation of paragraph (1), (3), or (5) of subdivision (a) by a licensee or a person subject to be licensed under this chapter, or by his or her agent or salesperson, is a misdemeanor punishable by a fine of not less than one hundred dollars ($100) nor more than five thousand dollars ($5,000), or by imprisonment in a county jail not exceeding one year, or by both fine and imprisonment.

(1) An indictment or information against a person who is not licensed but who is required to be licensed under this chapter shall be brought, or a criminal complaint filed, for a violation of this section within four years from the date the buyer signs the contract.

(2) An indictment or information against a person who is licensed under this chapter shall be brought, or a criminal complaint filed, for a violation of this section within two years from the date the buyer signs the contract.

(3) The limitations on actions in this subdivision shall not apply to any administrative action filed against a licensed contractor.

(c) Any person who violates this section as part of a plan or scheme to defraud an owner or tenant of a residential or nonresidential structure, including a mobilehome or manufactured home, in connection with the offer or performance of repairs to the structure for damage caused by a natural disaster, shall be ordered by the court to make full restitution to the victim based on the person's ability to pay, as defined in subdivision (e) of Section 1203.1b of the Penal Code. In addition to full restitution, and imprisonment authorized by this section, the court may impose a fine of not less than five hundred dollars ($500) nor more than twenty-five thousand dollars ($25,000), based upon the defendant's ability to pay. This subdivision applies to natural disasters for which a state of emergency is proclaimed by the Governor pursuant to Section 8625 of the Government Code, or for which an emergency or major disaster is declared by the President of the United States.

SEC. 6. Section 7159.10 of the Business and Professions Code, as amended by Section 13 of Chapter 48 of the Statutes of 2005, is amended to read:

7159.10. (a) (1) "Service and repair contract" means an agreement between a contractor or salesperson for a contractor, whether a general contractor or a specialty contractor, who is licensed or subject to be licensed pursuant to this chapter with regard to the transaction, and a homeowner or a tenant, for the performance of a home improvement as defined in Section 7151, that conforms to the following requirements:

(A) The contract amount is seven hundred fifty dollars ($750) or less.

(B) The prospective buyer initiated contact with the contractor to request the work.

(C) The contractor does not sell the buyer goods or services beyond those reasonably necessary to take care of the particular problem that caused the buyer to contact the contractor.

(D) No payment is due, or accepted by the contractor, until the work is completed.

(2) As used in this subdivision, "the work is completed" means that all of the conditions that caused the buyer to contact the contractor for service and repairs have been fully corrected and, if applicable, the building department has accepted and approved the corrective work.

(b) For any contract written pursuant to subdivision (a) or otherwise presented to the buyer as a service and repair contract, unless all of the conforming requirements for service and repair contracts specified in subdivision (a) are met, the contract requirements for home improvements set forth in subdivisions (c), (d), and (e) of Section 7159 shall be applicable, including any rights to rescind the contract as set forth in Section 1689.6 or 1689.7 of the Civil Code, regardless of the aggregate contract price.

(c) If all of the requirements of subdivision (a) are met, only those notices and other requirements set forth in this section are applicable to the contract.

(d) Every service and repair contract described in subdivision (a) shall include, or otherwise comply with, all of the following:

(1) The contract, any changes to the contract, and any attachments shall be in writing and signed or acknowledged by the parties as set forth in this section, and shall be written in the same language (for example Spanish) as principally used in the oral sales presentation.

(2) The writing shall be legible.

(3) Any printed form shall be readable. Unless a larger typeface is specified in this article, the text shall be in at least 10-point typeface and the headings shall be in at least 10-point boldface type.

(4) Before any work is started, the contractor shall give the buyer a copy of the contract signed and dated by the buyer and by the contractor or the contractor's representative.

(5) The name, business address, and license number of the contractor.

(6) The date the contract was signed.

(7) A notice concerning commercial general liability insurance. This notice may be provided as an attachment to the contract if the contract includes the statement, "A notice concerning commercial general liability insurance is attached to this contract." The notice shall include the heading "Commercial General Liability Insurance (CGL)" followed by whichever of the following statements is both relevant and correct:

(A) "(The name on the license or 'This contractor') does not carry commercial general liability insurance."

(B) "(The name on the license or 'This contractor') carries commercial general liability insurance written by (the insurance company). You may call the (insurance company) at ____ to check the contractor's insurance coverage."

(C) "(The name on the license or 'This contractor') is self-insured."

(8) A notice concerning workers' compensation insurance. This notice may be provided as an attachment to the contract if the contract includes the statement "A notice concerning workers' compensation insurance is attached to this contract." The notice shall include the heading "Workers' Compensation Insurance" followed by whichever of the following statements is both relevant and correct:

(A) "(The name on the license or 'This contractor') has no employees and is exempt from workers' compensation requirements."

(B) "(The name on the license or 'This contractor') carries workers' compensation insurance for all employees."

(e) Every service and repair contract described in subdivision (a) shall provide the following information, notices, and disclosures in the contract:

(1) Notice of the type of contract in at least 10-point boldface type: "Service and Repair."

(2) A notice in at least 12-point boldface type, signed and dated by the buyer: "Notice to the Buyer: The law requires that service and repair contracts must meet all of the following requirements:

(A) The price must be no more than seven hundred and fifty dollars ($750).

(B) You, the buyer, must have initiated contact with the contractor to request the work.

(C) The contractor must not sell you goods or services beyond those reasonably necessary to take care of the particular problem that caused you to contact the contractor.

(D) No payment is due and the contractor may not accept any payment until the work is completed."

(3) The notice in at least 12-point boldface type: "Notice to the Buyer: You are entitled to a completely filled in and signed copy of this agreement before any work may be started."

(4) If applicable, the heading "List of Documents to be Incorporated into the Contract," followed by the list of documents to be incorporated into the contract.

(5) Where the contract is a fixed contract amount, the heading: "Contract Price" followed by the amount of the contract in dollars and cents.

(6) If a finance charge will be charged, the heading: "Finance Charge" followed by the amount in dollars and cents. The finance charge is to be set out separately from the contract amount.

(7) Where the contract is estimated by a time and materials formula, the heading "Estimated Contract Price" followed by the estimated contract amount in dollars and cents. The contract must disclose the set rate and the estimated cost of materials. The contract must also disclose how time will be computed, for example, in increments of quarter hours, half hours, or hours, and the statement: "The actual contract amount of a time and materials contract may not exceed the estimated contract amount without written authorization from the buyer."

(8) The heading: "Description of the Project and Materials to be Used and Equipment to be Installed" followed by a description of the project and materials to be used and equipment to be installed.

(9) The statement: "The law requires that the contractor offer you any parts that were replaced during the service call. If you do not want the parts, initial the checkbox labeled 'OK for contractor to take replaced parts.'"

(10) A checkbox labeled "OK for contractor to take replaced parts."

(11) If a service charge is charged, the heading "Amount of Service Charge" followed by the service charge, and the statement "You may be charged only one service charge, including any trip charge or inspection fee."

(12) (A) The contract, or an attachment to the contract as specified under subparagraph (C) of this paragraph, must include, in immediate proximity to the space reserved for the buyer's signature, the following statement, in a size equal at least to 12-point boldface type, which shall be dated and signed by the buyer:

"YOUR RIGHTS TO CANCEL BEFORE WORK BEGINS

(A) You, the buyer, have the right to cancel this contract until:

1. You receive a copy of this contract signed and dated by you and the contractor; and

2. The contractor starts work.

(B) However, even if the work has begun you, the buyer, may still cancel the contract for any of the reasons specified in items 1 through 4 of this paragraph. If any of these reasons occur, you may cancel the contract within three business days of signing the contract for normal service and repairs, or within seven business days of signing a contract to repair or correct conditions resulting from any sudden or catastrophic event for which a state of emergency has been declared by the President of the United States or the Governor, or for which a local emergency has been declared by the executive officer or governing body of any city, county, or city and county:

1. You may cancel the contract if the price, including all labor and materials, is more than seven hundred fifty dollars ($750).

2. You may cancel the contract if you did not initiate the contact with the contractor to request the work.

3. You may cancel the contract if the contractor sold you goods or services beyond those reasonably necessary to take care of the particular problem that caused you to contact the contractor.

4. You may cancel the contract if the payment was due or the contractor accepted any money before the work was complete.

(C) If any of these reasons for canceling occurred, you may cancel the contract as specified under paragraph (B) above by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business within three business days or, if applicable, seven business days of the date you received a signed and dated copy of this contract. Include your name, your address, and the date you received a signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received it, any goods delivered to you under this contract. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract."

(B) This paragraph does not apply to home improvement contracts entered into by a person who holds an alarm company operator's license issued pursuant to Chapter 11.6 (commencing with Section 7590), provided the person complies with Sections 1689.5, 1689.6, and 1689.7 of the Civil Code, as applicable.

(C) The notice required in this paragraph may be incorporated as an attachment to the contract if the contract includes a checkbox and whichever statement is relevant in at least 12-point boldface type:

(i) "The law requires that the contractor give you a notice explaining your right to cancel. Initial the checkbox if the contractor has given you a 'Notice of Your Right to Cancel.'"

(ii) "The law requires that the contractor give you a notice explaining your right to cancel contracts for the repair or restoration of residential premises damaged by a disaster. Initial the checkbox if the contractor has given you a 'Notice of Your Right to Cancel.'"

(f) A bona fide service repairperson employed by a licensed contractor or subcontractor hired by a licensed contractor may enter into a service and repair contract on behalf of that contractor.

(g) The provisions of this section are not exclusive and do not relieve the contractor from compliance with any other applicable provision of law.

SEC. 7. Section 7159.11 of the Business and Professions Code, as amended by Section 14 of Chapter 48 of the Statutes of 2005, is amended to read:

7159.11. A violation of any provision of Section 7159.10 by a licensee, or a person subject to be licensed under this chapter, or by his or her agent or salesperson, is cause for discipline.

SEC. 8. Section 7159.12 of the Business and Professions Code, as amended by Section 15 of Chapter 48 of the Statutes of 2005, is repealed.

SEC. 9. Section 7159.13 of the Business and Professions Code, as amended by Section 16 of Chapter 48 of the Statutes of 2005, is repealed.

SEC. 10. Section 7167 of the Business and Professions Code, as added by Section 21 of Chapter 48 of the Statutes of 2005, is amended to read:

7167. (a) Any contract, the primary purpose of which is the construction of a swimming pool, that does not substantially comply with paragraph (4) or (5) of subdivision (c) or paragraph (7), (8), or (9) of subdivision (d) of Section 7159, shall be void and unenforceable by the contractor as contrary to public policy.

(b) Failure by the contractor to comply with paragraph (5) of subdivision (c) of Section 7159 as set forth in subdivision (a) of this section does not preclude the recovery of compensation for work performed based on quasi-contract, quantum meruit, restitution, or other similar legal or equitable remedies designed to prevent unjust enrichment.

SEC. 11. Section 1689.6 of the Civil Code, as amended by Section 25 of Chapter 48 of the Statutes of 2005, is amended to read:

1689.6. (a) (1) Except for a contract written pursuant to Section 7151.2 or 7159.10 of the Business and Professions Code, in addition to any other right to revoke an offer, the buyer has the right to cancel a home solicitation contract or offer until midnight of the third business day after the day on which the buyer signs an agreement or offer to purchase which complies with Section 1689.7.

(2) In addition to any other right to revoke an offer, the buyer has the right to cancel a home solicitation contract written pursuant to Section 7151.2 of the Business and Professions Code until midnight of the third business day after the buyer receives a signed and dated copy of the contract or offer to purchase that complies with Section 1689.7 of this code.

(3) (A) In addition to any other right to revoke an offer, the buyer has the right to cancel a home solicitation contract or offer to purchase written pursuant to Section 7159.10 of the Business and Professions Code, until the buyer receives a signed and dated copy of a service and repair contract that complies with the contract requirements specified in Section 7159.10 of the Business and Professions Code and the work commences.

(B) For any contract written pursuant to Section 7159.10 of the Business and Professions Code, or otherwise presented to the buyer as a service and repair contract, unless all of the conforming requirements listed under subdivision (a) of that section are met, the requirements set forth under Section 7159 of the Business and Professions Code shall be applicable, regardless of the aggregate contract price, including the right to cancel as set forth under this section.

(b) In addition to any other right to revoke an offer, any buyer has the right to cancel a home solicitation contract or offer for the purchase of a personal emergency response unit until midnight of the seventh business day after the day on which the buyer signs an agreement or offer to purchase which complies with Section 1689.7. This subdivision shall not apply to a personal emergency response unit installed with, and as part of, a home security alarm system subject to the Alarm Company Act (Chapter 11.6 (commencing with Section 7590) of Division 3 of the Business and Professions Code) which has two or more stationary protective devices used to enunciate an intrusion or fire and is installed by an alarm company operator operating under a current license issued pursuant to the Alarm Company Act, which shall instead be subject to subdivision (a).

(c) In addition to any other right to revoke an offer, a buyer has the right to cancel a home solicitation contract or offer for the repair or restoration of residential premises damaged by a disaster that was not void pursuant to Section 1689.14, until midnight of the seventh business day after the buyer signs and dates the contract unless the provisions of Section 1689.15 are applicable.

(d) Cancellation occurs when the buyer gives written notice of cancellation to the seller at the address specified in the agreement or offer.

(e) Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid.

(f) Notice of cancellation given by the buyer need not take the particular form as provided with the contract or offer to purchase and, however expressed, is effective if it indicates the intention of the buyer not to be bound by the home solicitation contract or offer.

(g) "Personal emergency response unit," for purposes of this section, means an in-home radio transmitter device or two-way radio device generally, but not exclusively, worn on a neckchain, wrist strap, or clipped to clothing, and connected to a telephone line through which a monitoring station is alerted of an emergency and emergency assistance is summoned.

SEC. 12. Section 1689.7 of the Civil Code, as amended by Section 27 of Chapter 48 of the Statutes of 2005, is amended to read:

1689.7. (a) (1) Except for contracts written pursuant to Sections 7151.2 and 7159.10 of the Business and Professions Code, in a home solicitation contract or offer, the buyer's agreement or offer to purchase shall be written in the same language, e.g., Spanish, as principally used in the oral sales presentation, shall be dated, shall be signed by the buyer, and except as provided in paragraph (2), shall contain in immediate proximity to the space reserved for his or her signature, a conspicuous statement in a size equal to at least 10-point boldface type, as follows: "You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right."

(2) The statement required pursuant to this subdivision for a home solicitation contract or offer for the purchase of a personal emergency response unit, as defined in Section 1689.6, that is not installed with and as part of a home security alarm system subject to the Alarm Company Act (Chapter 11.6 (commencing with Section 7590) of Division 3 of the Business and Professions Code) that has two or more stationary protective devices used to enunciate an intrusion or fire and is installed by an alarm company operator operating under a current license issued pursuant to the Alarm Company Act, is as follows: "You, the buyer, may cancel this transaction at any time prior to midnight of the seventh business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right."

(3) Except for contracts written pursuant to Sections 7151.2 and 7159.10 of the Business and Professions Code, the statement required pursuant to this subdivision for the repair or restoration of residential premises damaged by a disaster pursuant to subdivision (c) of Section 1689.6 is as follows: "You, the buyer, may cancel this transaction at any time prior to midnight of the seventh business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right."

(4) A home solicitation contract written pursuant to Section 7151.2 of the Business and Professions Code shall be written in the same language, e.g., Spanish, as principally used in the oral sales presentation. The contract, or an attachment to the contract that is subject to Section

7159 of the Business and Professions Code shall include in immediate proximity to the space reserved for his or her signature, the following statement in a size equal to at least 12-point boldface type, which shall be dated and signed by the buyer:

"Three-Day Right to Cancel

You, the buyer, have the right to cancel this contract within three business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the third business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received it, any goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract."

(b) The agreement or offer to purchase shall contain on the first page, in a type size no smaller than that generally used in the body of the document, the following: (1) the name and address of the seller to which the notice is to be mailed, and (2) the date the buyer signed the agreement or offer to purchase.

(c) Except for contracts written pursuant to Sections 7151.2 and 7159.10 of the Business and Professions Code, or except as provided in subdivision (d), the agreement or offer to purchase shall be accompanied by a completed form in duplicate, captioned "Notice of Cancellation" which shall be attached to the agreement or offer to purchase and be easily detachable, and which shall contain in type of at least 10-point the following statement written in the same language, e.g., Spanish, as used in the contract:

"Notice of Cancellation"

/enter date of transaction/

_____

(Date)

"You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract."

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram to _____ ,
/name of seller/

at _____
/address of seller's place of business/

not later than midnight of _____ .
(Date)

I hereby cancel this transaction. _____
(Date)

_____
(Buyer's signature)

(d) Any agreement or offer to purchase a personal emergency response unit, as defined in Section 1689.6, which is not installed with and as part of a home security alarm system subject to the Alarm Company Act which has two or more stationary protective devices used to enunciate an intrusion or fire and is installed by an alarm company operator operating under a current license issued pursuant to the Alarm Company Act, shall be subject to the requirements of subdivision (c), and shall be accompanied by the "Notice of Cancellation" required by subdivision (c), except that the first paragraph of that notice shall be deleted and replaced with the following paragraph:

You may cancel this transaction, without any penalty or obligation, within seven business days from the above date.

(e) A home solicitation contract written pursuant to Section 7151.2 of the Business and Professions Code for the repair or restoration of residential premises damaged by a disaster that is subject to subdivision (c) of Section 1689.6, shall be written in the same language, e.g., Spanish, as principally used in the oral sales presentation. The contract, or an attachment to the contract that is subject to Section 7159 of the Business and Professions Code shall include, in immediate proximity to the space reserved for his or her signature, the following statement in a size equal to at least 12-point boldface type, which shall be signed and dated by the buyer:

"Seven-Day Right to Cancel

You, the buyer, have the right to cancel this contract within seven business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the seventh business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received it, any goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract."

(f) The seller shall provide the buyer with a copy of the contract or offer to purchase and the attached notice of cancellation, and shall inform the buyer orally of his or her right to cancel and the requirement that cancellation be in writing, at the time the home solicitation contract or offer is executed.

(g) Until the seller has complied with this section the buyer may cancel the home solicitation contract or offer.

(h) "Contract or sale" as used in subdivision (c) means "home solicitation contract or offer" as defined by Section 1689.5.

SEC. 13. Section 1689.15 of the Civil Code, as amended by Section 30 of Chapter 48 of the Statutes of 2005, is amended to read:

1689.15. Notwithstanding any other provision of law, a contractor who is duly licensed pursuant to Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code may commence work on a service and repair project as soon as the buyer receives a signed and dated copy of a service and repair contract that meets all of the contract requirements specified in Section 7159.10 of the Business and Professions Code. The buyer retains any right of cancellation applicable to home solicitations under Sections 1689.5 to 1689.14, inclusive, until such time as the buyer receives a signed and dated copy of a service and repair contract that meets all of the contract requirements specified in Section 7159.10 of the Business and Professions Code and the licensee in fact commences that project, at which time any cancellation rights provided in Sections 1689.5 to 1689.14, inclusive, are extinguished by operation of law.

CHAPTER 386

An act to add Article 10 (commencing with Section 270) to Chapter 2 of Part 1 of the Education Code, relating to education equity.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

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

(1) Thirty years after the adoption of Title IX of the Education Amendments of 1972 (20 U.S.C. Sec. 1681 et seq.), there is still serious need for improvement in gender equity in athletics. Because of the lack of training at the high school level there is a prevalent and severe lack of Title IX awareness making it difficult for California to achieve full gender equity in athletics.

(2) Reports have indicated that at the community college and university levels athletic administrators and coaches have more awareness of Title IX compliance issues than at the high school level. Some of this awareness is the result of discrimination complaints or lawsuits that have forced colleges and universities to make changes in the number of athletic teams offered, to expend funds to improve facilities, or to make other changes that improve equity in athletics for women and men. However,

even though the overall picture has improved, there are still several areas of inequity that need to be addressed.

(b) The Athletes' Bill of Rights set forth in this act aims to educate high school pupils and parents of their Title IX rights.

SEC. 2. Article 10 (commencing with Section 270) is added to Chapter 2 of Part 1 of the Education Code, to read:

Article 10. Athletes' Bill of Rights

270. By July 1, 2006, the department shall post on its Web site, in both English and Spanish and at a reading level that may be comprehended by pupils in high school, the information set forth in the federal regulations implementing Title IX of the Education Amendments of 1972 (20 U.S.C. Sec. 1681 et seq.).

271. The following list of rights, which are based on the relevant provisions of the federal regulations implementing Title IX of the Education Amendments of 1972 (20 U.S.C. Sec. 1681 et seq.), may be used by the department for purposes of Section 270:

(a) You have the right to fair and equitable treatment and you shall not be discriminated against based on your sex.

(b) You have the right to be provided with an equitable opportunity to participate in all academic extracurricular activities, including athletics.

(c) You have the right to inquire of the athletic director of your school as to the athletic opportunities offered by the school.

(d) You have the right to apply for athletic scholarships.

(e) You have the right to receive equitable treatment and benefits in the provision of all of the following:

(1) Equipment and supplies.

(2) Scheduling of games and practices.

(3) Transportation and daily allowances.

(4) Access to tutoring.

(5) Coaching.

(6) Locker rooms.

(7) Practice and competitive facilities.

(8) Medical and training facilities and services.

(9) Publicity.

(f) You have the right to have access to a gender equity coordinator to answer questions regarding gender equity laws.

(g) You have the right to contact the State Department of Education and the California Interscholastic Federation to access information on gender equity laws.

(h) You have the right to file a confidential discrimination complaint with the United States Office of Civil Rights or the State Department of

Education if you believe you have been discriminated against or if you believe you have received unequal treatment on the basis of your sex.

(i) You have the right to pursue civil remedies if you have been discriminated against.

(j) You have the right to be protected against retaliation if you file a discrimination complaint.

CHAPTER 387

An act to repeal Section 91521.3 of the Government Code, relating to industrial development financing.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 91521.3 of the Government Code is repealed.

CHAPTER 388

An act to amend Sections 25404.1.2 and 25503.5 of, and amend and repeal Section 25404 of, the Health and Safety Code, relating to hazardous materials.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 25404 of the Health and Safety Code, as amended by Section 9 of Chapter 880 of the Statutes of 2004, is amended to read:

25404. (a) For purposes of this chapter, the following terms shall have the following meanings:

(1) (A) "Certified Unified Program Agency" or "CUPA" means the agency certified by the secretary to implement the unified program specified in this chapter within a jurisdiction.

(B) "Participating Agency" or "PA" means a state or local agency that has a written agreement with the CUPA pursuant to subdivision (d) of Section 25404.3, and is approved by the secretary, to implement or

enforce one or more of the unified program elements specified in subdivision (c), in accordance with Sections 25404.1 and 25404.2.

(C) "Unified Program Agency" or "UPA" means the CUPA, or its participating agencies to the extent each PA has been designated by the CUPA, pursuant to a written agreement, to implement or enforce a particular unified program element specified in subdivision (c). The UPAs have the responsibility and authority to implement and enforce the requirements listed in subdivision (c), and the regulations adopted to implement the requirements listed in subdivision (c), to the extent provided by Chapter 6.5 (commencing with Section 25100), Chapter 6.67 (commencing with Section 25270), Chapter 6.7 (commencing with Section 25280), Chapter 6.95 (commencing with Section 25500), and Sections 25404.1 and 25404.2. After a CUPA has been certified by the secretary, the unified program agencies and the state agencies carrying out responsibilities under this chapter shall be the only agencies authorized to enforce the requirements listed in subdivision (c) within the jurisdiction of the CUPA.

(2) "Department" means the Department of Toxic Substances Control.

(3) "Minor violation" means the failure of a person to comply with any requirement or condition of any applicable law, regulation, permit, information request, order, variance, or other requirement, whether procedural or substantive, of the unified program that the UPA is authorized to implement or enforce pursuant to this chapter, and that does not otherwise include any of the following:

(A) A violation that results in injury to persons or property, or that presents a significant threat to human health or the environment.

(B) A knowing, willful, or intentional violation.

(C) A violation that is a chronic violation, or that is committed by a recalcitrant violator. In determining whether a violation is chronic or a violator is recalcitrant, the UPA shall consider whether there is evidence indicating that the violator has engaged in a pattern of neglect or disregard with respect to applicable regulatory requirements.

(D) A violation that results in an emergency response from a public safety agency.

(E) A violation that enables the violator to benefit economically from the noncompliance, either by reduced costs or competitive advantage.

(F) A class I violation as provided in Section 25117.6.

(G) A class II violation committed by a chronic or a recalcitrant violator, as provided in Section 25117.6.

(H) A violation that hinders the ability of the UPA to determine compliance with any other applicable local, state, or federal rule, regulation, information request, order, variance, permit, or other requirement.

(4) "Secretary" means the Secretary for Environmental Protection.

(5) "Unified program facility" means all contiguous land and structures, other appurtenances, and improvements on the land that are subject to the requirements listed in subdivision (c).

(6) "Unified program facility permit" means a permit issued pursuant to this chapter. For the purposes of this chapter, a unified program facility permit encompasses the permitting requirements of Section 25284, and any permit or authorization requirements under any local ordinance or regulation relating to the generation or handling of hazardous waste or hazardous materials, but does not encompass the permitting requirements of a local ordinance that incorporates provisions of the Uniform Fire Code or the Uniform Building Code.

(b) The secretary shall adopt implementing regulations and implement a unified hazardous waste and hazardous materials management regulatory program, which shall be known as the unified program, after holding an appropriate number of public hearings throughout the state. The unified program shall be developed in close consultation with the director, the Director of the Office of Emergency Services, the State Fire Marshal, the executive officers and chairpersons of the State Water Resources Control Board and the California regional water quality control boards, the local health officers, local fire services, and other appropriate officers of interested local agencies, and affected businesses and interested members of the public, including environmental organizations.

(c) The unified program shall consolidate the administration of the following requirements, and shall, to the maximum extent feasible within statutory constraints, ensure the coordination and consistency of any regulations adopted pursuant to those requirements:

(1) (A) Except as provided in subparagraphs (B) and (C), the requirements of Chapter 6.5 (commencing with Section 25100), and the regulations adopted by the department pursuant thereto, are applicable to all of the following:

(i) Hazardous waste generators, persons operating pursuant to a permit-by-rule, conditional authorization, or conditional exemption, pursuant to Chapter 6.5 (commencing with Section 25100) or the regulations adopted by the department.

(ii) Persons managing perchlorate materials.

(iii) Persons subject to Article 10.1 (commencing with Section 25211) of Chapter 6.5.

(B) The unified program shall not include the requirements of paragraph (3) of subdivision (c) of Section 25200.3, the requirements of Sections 25200.10 and 25200.14, and the authority to issue an order under Sections 25187 and 25187.1, with regard to those portions of a unified program facility that are subject to one of the following:

(i) A corrective action order issued by the department pursuant to Section 25187.

(ii) An order issued by the department pursuant to Chapter 6.8 (commencing with Section 25300) or Chapter 6.85 (commencing with Section 25396).

(iii) A remedial action plan approved pursuant to Chapter 6.8 (commencing with Section 25300) or Chapter 6.85 (commencing with Section 25396).

(iv) A cleanup and abatement order issued by a California regional water quality control board pursuant to Section 13304 of the Water Code, to the extent that the cleanup and abatement order addresses the requirements of the applicable section or sections listed in this subparagraph.

(v) Corrective action required under subsection (u) of Section 6924 of Title 42 of the United States Code or subsection (h) of Section 6928 of Title 42 of the United States Code.

(vi) An environmental assessment pursuant to Section 25200.14 or a corrective action pursuant to Section 25200.10 or paragraph (3) of subdivision (c) of Section 25200.3, that is being overseen by the department.

(C) The unified program shall not include the requirements of Chapter 6.5 (commencing with Section 25100), and the regulations adopted by the department pursuant thereto, applicable to persons operating transportable treatment units, except that any required notice regarding transportable treatment units shall also be provided to the CUPAs.

(2) The requirement of subdivision (c) of Section 25270.5 for owners and operators of aboveground storage tanks to prepare a spill prevention control and countermeasure plan.

(3) (A) Except as provided in subparagraphs (B) and (C), the requirements of Chapter 6.7 (commencing with Section 25280) concerning underground storage tanks and the requirements of any underground storage tank ordinance adopted by a city or county.

(B) The unified program may not include the responsibilities assigned to the State Water Resources Control Board pursuant to Section 25297.1.

(C) The unified program may not include the corrective action requirements of Sections 25296.10 to 25296.40, inclusive.

(4) The requirements of Article 1 (commencing with Section 25500) of Chapter 6.95 concerning hazardous material release response plans and inventories.

(5) The requirements of Article 2 (commencing with Section 25531) of Chapter 6.95, concerning the accidental release prevention program.

(6) The requirements of subdivisions (b) and (c) of Section 80.103 of the Uniform Fire Code, as adopted by the State Fire Marshal pursuant

to Section 13143.9 concerning hazardous material management plans and inventories.

(d) To the maximum extent feasible within statutory constraints, the secretary shall consolidate, coordinate, and make consistent these requirements of the unified program with other requirements imposed by other federal, state, regional, or local agencies upon facilities regulated by the unified program.

(e) (1) The secretary shall establish standards applicable to CUPAs, participating agencies, state agencies, and businesses specifying the data to be collected and submitted by unified program agencies in administering the programs listed in subdivision (c). Those standards shall incorporate any standard developed under Section 25503.3.

(2) The secretary shall establish an electronic geographic information management system capable of receiving all data collected by the unified program agencies pursuant to this subdivision and Section 25504.1. The secretary shall make all nonconfidential data available on the Internet.

(3) (A) As funding becomes available, the secretary shall establish, consistent with paragraph (2), and thereafter maintain, a statewide database.

(B) The secretary, or one or more of the boards, departments, or offices within the California Environmental Protection Agency, shall seek available federal funding for purposes of implementing this subdivision.

(4) Once the statewide database is established, the secretary shall work with the CUPAs to develop a phased-in schedule for the electronic collection and submittal of information to be included in the statewide database, giving first priority to information relating to those chemicals determined by the secretary to be of greatest concern. The secretary, in making this determination shall consult with the CUPAs, the Office of Emergency Services, the State Fire Marshal, and the boards, departments, and offices within the California Environmental Protection Agency. The information initially included in the statewide database shall include, but is not limited to, the hazardous materials inventory information required to be submitted pursuant to Section 25504.1 for perchlorate materials.

SEC. 2. Section 25404 of the Health and Safety Code, as amended by Section 10 of Chapter 880 of the Statutes of 2004, is repealed.

SEC. 3. Section 25404.1.2 of the Health and Safety Code is amended to read:

25404.1.2. (a) (1) An authorized representative of the UPA, who in the course of conducting an inspection, detects a minor violation, shall take an enforcement action as to the minor violation only in accordance with this section.

(2) In any proceeding concerning an enforcement action taken pursuant to this section, there shall be a rebuttable presumption upholding the determination made by the UPA regarding whether the violation is a minor violation.

(b) A notice to comply shall be the only means by which a UPA may cite a minor violation, unless the person cited fails to correct the violation or fails to submit the certification of correction within the time period prescribed in the notice, in which case the UPA may take any enforcement action, including imposing a penalty, as authorized by this chapter.

(c) (1) A person who receives a notice to comply detailing a minor violation shall have not more than 30 days from the date of the notice to comply in which to correct any violation cited in the notice to comply. Within five working days of correcting the violation, the person cited or an authorized representative shall sign the notice to comply, certifying that any violation has been corrected, and return the notice to the UPA.

(2) A false certification that a violation has been corrected is punishable as a misdemeanor.

(3) The effective date of the certification that any violation has been corrected shall be the date that it is postmarked.

(d) If a notice to comply is issued, a single notice to comply shall be issued for all minor violations noted during the inspection, and the notice to comply shall list all of the minor violations and the manner in which each of the minor violations may be brought into compliance.

(e) If a person who receives a notice to comply pursuant to subdivision (a) disagrees with one or more of the alleged violations listed on the notice to comply, the person shall provide the UPA a written notice of disagreement along with the returned signed notice to comply. If the person disagrees with all of the alleged violations, the written notice of disagreement shall be returned in lieu of the signed certification of correction within 30 days of the date of issuance of the notice to comply. If the issuing agency takes administrative enforcement action on the basis of the disputed violation, that action may be appealed in the same manner as any other alleged violation under Section 25404.1.1.

(f) This section may not be construed as doing any of the following:

(1) Preventing the reinspection of a facility to ensure compliance with this chapter or to ensure that minor violations cited in a notice to comply have been corrected and that the facility is in compliance with those laws and regulations within the jurisdiction of the UPA.

(2) Preventing the UPA from requiring a person to submit necessary documentation needed to support the person's claim of compliance pursuant to subdivision (c).

(3) Restricting the power of a city attorney, district attorney, county counsel, or the Attorney General to bring, in the name of the people of California, any criminal proceeding otherwise authorized by law.

(4) Preventing the UPA from cooperating with, or participating in, a proceeding specified in paragraph (3).

SEC. 4. Section 25503.5 of the Health and Safety Code is amended to read:

25503.5. (a) (1) A business, except as provided in subdivisions (b), (c), and (d), shall establish and implement a business plan for emergency response to a release or threatened release of a hazardous material in accordance with the standards prescribed in the regulations adopted pursuant to Section 25503, if the business handles a hazardous material or a mixture containing a hazardous material that has a quantity at any one time during the reporting year that is any of the following:

(A) Equal to, or greater than, a total weight of 500 pounds or a total volume of 55 gallons.

(B) Equal to, or greater than, 200 cubic feet at standard temperature and pressure, if the substance is compressed gas.

(C) If the substance is a radioactive material, it is handled in quantities for which an emergency plan is required to be adopted pursuant to Part 30 (commencing with Section 30.1), Part 40 (commencing with Section 40.1), or Part 70 (commencing with Section 70.1), of Chapter 1 of Title 10 of the Code of Federal Regulations, or pursuant to any regulations adopted by the state in accordance with those regulations.

(2) In meeting the requirements of this subdivision, a business may, if it elects to do so, use the format adopted pursuant to Section 25503.4.

(b) (1) Oxygen, nitrogen, and nitrous oxide, ordinarily maintained by a physician, dentist, podiatrist, veterinarian, or pharmacist, at his or her office or place of business, stored at each office or place of business in quantities of not more than 1,000 cubic feet of each material at any one time, are exempt from this section and from Section 25505. The administering agency may require a one-time inventory of these materials for a fee not to exceed fifty dollars ($50) to pay for the costs incurred by the agency in processing the inventory forms.

(2) (A) Lubricating oil is exempt from this section and Sections 25505 and 25509, for a single business facility, if the total volume of each type of lubricating oil handled at that facility does not exceed 55 gallons and the total volume of all types of lubricating oil handled at that facility does not exceed 275 gallons, at any one time.

(B) For purposes of this paragraph, "lubricating oil" means any oil intended for use in an internal combustion crankcase, or the transmission, gearbox, differential, or hydraulic system of an automobile, bus, truck, vessel, plane, heavy equipment, or other machinery powered by an

internal combustion or electric powered engine. "Lubricating oil" does not include used oil, as defined in subdivision (a) of Section 25250.1.

(c) (1) Hazardous material contained solely in a consumer product for direct distribution to, and use by, the general public is exempt from the business plan requirements of this chapter unless the administering agency has found, and has provided notice to the business handling the product, that the handling of certain quantities of the product requires the submission of a business plan, or any portion thereof, in response to public health, safety, or environmental concerns.

(2) In addition to the authority specified in paragraph (4), the administering agency may, in exceptional circumstances, following notice and public hearing, exempt from the inventory provisions of this chapter any hazardous substance specified in subdivision (p) of Section 25501 if the administering agency finds that the hazardous substance would not pose a present or potential danger to the environment or to human health and safety if the hazardous substance was released into the environment. The administering agency shall specify in writing the basis for granting any exemption under this paragraph. The administering agency shall send a notice to the office within five days from the effective date of any exemption granted pursuant to this paragraph.

(3) The administering agency, upon application by a handler, may exempt the handler, under conditions that the administering agency determines to be proper, from any portion of the business plan, upon a written finding that the exemption would not pose a significant present or potential hazard to human health or safety or to the environment or affect the ability of the administering agency and emergency rescue personnel to effectively respond to the release of a hazardous material, and that there are unusual circumstances justifying the exemption. The administering agency shall specify in writing the basis for any exemption under this paragraph.

(4) The administering agency, upon application by a handler, may exempt a hazardous material from the inventory provisions of this chapter upon proof that the material does not pose a significant present or potential hazard to human health and safety or to the environment if released into the workplace or environment. The administering agency shall specify in writing the basis for any exemption under this paragraph.

(5) An administering agency shall exempt a business operating a farm for purposes of cultivating the soil or raising or harvesting any agricultural or horticultural commodity from filing the information in the business plan required by subdivisions (b) and (c) of Section 25504 if all of the following requirements are met:

(A) The handler annually provides the inventory of information required by Section 25509 to the county agricultural commissioner before January 1 of each year.

(B) Each building in which hazardous materials subject to this chapter are stored is posted with signs, in accordance with regulations that the office shall adopt, that provide notice of the storage of any of the following:

(i) Pesticides.

(ii) Petroleum fuels and oil.

(iii) Types of fertilizers.

(C) Each county agricultural commissioner forwards the inventory to the administering agency within 30 days from the date of receipt of the inventory.

(6) The administering agency shall exempt a business operating an unstaffed remote facility located in an isolated sparsely populated area from the hazardous materials business plan and inventory requirements of this article if the facility is not otherwise subject to the requirements of applicable federal law, and all of the following requirements are met:

(A) The types and quantities of materials onsite are limited to one or more of the following:

(i) Five hundred standard cubic feet of compressed inert gases (asphyxiation and pressure hazards only).

(ii) Five hundred gallons of combustible liquid used as a fuel source.

(iii) Two hundred gallons of corrosive liquids used as electrolytes in closed containers.

(iv) Five hundred gallons of lubricating and hydraulic fluids.

(v) Twelve hundred gallons of flammable gas used as a fuel source.

(B) The facility is secured and not accessible to the public.

(C) Warning signs are posted and maintained for hazardous materials pursuant to the California Fire Code.

(D) A one-time notification and inventory is provided to the administering agency along with a processing fee in lieu of the existing fee. The fee shall not exceed the actual cost of processing the notification and inventory, including a verification inspection if necessary.

(E) If the information contained in the initial notification or inventory changes and the time period of the change is longer than 30 days, the notification or inventory shall be resubmitted within 30 days to the administering agency to reflect the change, along with a processing fee, in lieu of the existing fee, that does not exceed the actual cost of processing the amended notification or inventory, including a verification inspection, if necessary.

(F) The administering agency shall forward a copy of the notification and inventory to those agencies that share responsibility for emergency response.

(G) The administering agency may require an unstaffed remote facility to submit a hazardous materials business plan and inventory in accordance with this article if the agency finds that special circumstances exist such that development and maintenance of the business plan and inventory is necessary to protect public health and safety and the environment.

(d) Onpremise use, storage, or both, of propane in an amount not to exceed 300 gallons that is for the sole purpose of heating the employee working areas with that business is exempt from this section, unless the administering agency finds, and provides notice to the business handling the propane, that the handling of the onpremise propane requires the submission of a business plan, or any portion thereof, in response to public health, safety, or environmental concerns.

(e) The administering agency shall provide all information obtained from completed inventory forms, upon request, to emergency rescue personnel on a 24-hour basis.

(f) The administering agency shall adopt procedures to provide for public input when approving any applications submitted pursuant to paragraph (3) or (4) of subdivision (c).

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the 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, or because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

CHAPTER 389

An act to amend Section 1810.7 of the Insurance Code, relating to bail licenses.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 1810.7 of the Insurance Code is amended to read:

1810.7. (a) In order to be eligible to take the examination required to be licensed under this chapter, the applicant shall have completed not less than 12 hours of classroom education in subjects pertinent to the duties and responsibilities of a bail licensee, including, but not limited to, all laws and regulations related thereto, rights of the accused, ethics, and apprehension of bail fugitives. Additionally, a licensee shall complete annually not less than six hours of continuing education in these subjects prior to renewal of his or her license.

(b) The commissioner shall approve or disapprove an applicant to provide education for licensure as required by this section within 90 days of receipt of the applicant's full and complete application. However, this 90-day period shall be tolled during the pendency of any investigation of the applicant by the commissioner for an alleged violation that would, if proven, result in the suspension, revocation, or denial of the provider's approval to provide continuing education to bail agents as prescribed in Section 1813. Failure to disapprove an applicant within this period shall result in the automatic approval of the application. Approval shall be valid for two years. The commissioner may, at any time, disapprove any provider who is not qualified or whose course outlines are not approved, who is not of good business reputation, or who is lacking in integrity, honesty, or competency. A provider shall not provide education for licensure following the expiration of the two-year approval period unless the commissioner has renewed the provider's approval. The commissioner shall, at the time of renewal, approve or disapprove the course outlines and schedule of classes to be provided.

(c) Providers responsible for providing education for licensure under this chapter shall consult with the California State Sheriffs' Association, the California District Attorneys Association, and the County Counsels Association of California prior to submission of the course outlines for approval by the commissioner, and these entities may respond within 30 days of receipt of a request for consultation from a provider. Providers shall maintain records of their requests for consultation and any responses from these entities, and make these records available to the department for review as requested. The bail license fee shall be increased, the amount of which shall be determined by the commissioner, which shall be deposited in the Insurance Fund for the purposes of recovering the administrative costs for meeting the conditions and purposes of this section. Providers of education or continuing education shall offer courses to all applicants at the same course fees.

(d) Any person who falsely represents to the commissioner that compliance with this section has been met shall be subject, after notice and hearing, to the penalties and fines set out in Section 1814.

(e) A licensee shall not be required to comply with the continuing education requirements of this section if the licensee submits proof satisfactory to the commissioner that he or she has been a licensee in good standing for 30 continuous years in this state and is 70 years of age or older.

(f) The commissioner may make reasonable rules and regulations necessary, advisable, and convenient for the administration and enforcement of this chapter. The rules and regulations may include a schedule establishing fees to be paid by an applicant seeking approval to act as a provider and to deliver courses under this section. Those fees shall be in an amount no greater than fees paid by applicants providing similar courses to other insurance agents licensed by the department, as specified in Section 1751.1.

(g) Nothing in this chapter shall preclude completion of the bail agent continuing education requirements of this section through a course of instruction offered via the Internet or correspondence. However, this subdivision shall not be construed to allow completion of the prelicensing education requirements of this section through such a course of instruction.

(h) Successful completion of the continuing education requirements by means of an Internet or correspondence course shall require obtaining a passing grade of at least 70 percent on a written final examination. The final examination shall be open book and shall be graded by the approved provider. The provider shall issue certificates of completion only to those students who have passed the final examination.

(i) No Internet or correspondence continuing education course shall be provided pursuant to this section prior to April 1, 2006. However, this subdivision shall not prohibit an approved provider from advertising or promoting a course prior to that date.

CHAPTER 390

An act to amend Section 44280 of the Education Code, relating to subject matter examinations and assessments.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 44280 of the Education Code is amended to read:

44280. The adequacy of subject matter preparation and the basis for assignment of certified personnel shall be determined by the successful passage of a subject matter examination as certified by the commission, except as specifically waived as set forth in Article 6 (commencing with Section 44310) of this chapter. For the purpose of determining the adequacy of subject matter knowledge of languages for which there are no adequate examinations, the commission may establish guidelines for accepting alternative assessments performed by organizations that are expert in the language and culture assessed. The commission shall submit an expenditure plan for the development of a subject matter examination in the Filipino language to the Department of Finance no later than January 8, 2006. Upon approval of the expenditure plan by the Department of Finance and the Secretary for Education, and subject to an appropriation in the Budget Act of 2006 for this purpose, the commission shall contract with another entity for that entity to develop, for certification by the commission, a subject matter examination in the Filipino language, to be administered no later than September 1, 2008.

CHAPTER 391

An act to amend Sections 7204.03 and 7205 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 7204.03 of the Revenue and Taxation Code is amended to read:

7204.03. (a) Notwithstanding any other provision of this part, in the case of retail sales of jet fuel that are consummated at the point of delivery of that jet fuel to an aircraft at a multijurisdictional airport, the sales tax revenues collected by the board pursuant to this part with respect to those sales shall be transmitted by the board in accordance with subdivision (b). For purposes of this section, a "multijurisdictional airport" is an airport that is owned or operated by a city, county, or city and county that meets both of the following conditions:

(1) The owning or operating city, county, or city and county imposes a local sales tax pursuant to an ordinance adopted pursuant to this part.

(2) The owning or operating city, county, or city or county is different from the city, county, or city and county in which the airport is located.

(b) (1) Except as provided in paragraph (2), the sales taxes collected by the board pursuant to this part with respect to retail sales of jet fuel described in subdivision (a) shall be transmitted by the board in accordance with the following:

(A) One-half to the county or city and county in which the point of delivery to the aircraft is located, less the amount transmitted to a city pursuant to subparagraph (B), if any; and one-half to the county or city and county that owns or operates the airport or to the county in which the city that owns or operates the airport is located, less the amount transmitted to a city pursuant to subparagraph (C), if any.

(B) If the multijurisdictional airport is located in a city imposing a local sales tax pursuant to an ordinance adopted pursuant to this part, the board shall transmit to that city that amount of sales taxes collected by the board with respect to retail sales of fuel described in subdivision (a) that is based on 50 percent of the rate set by that city's ordinance.

(C) If the multijurisdictional airport is owned or operated by a city imposing a local sales tax pursuant to an ordinance adopted pursuant to this part, the board shall transmit to that city that amount of sales taxes collected by the board with respect to retail sales of fuel described in subdivision (a) that is based on 50 percent of the rate set by that city's ordinance.

(2) Notwithstanding paragraph (1), both of the following shall apply:

(A) In the case of retail sales of jet fuel as described in subdivision (a) that are consummated at San Francisco International Airport, one-half of the sales taxes collected by the board pursuant to this part with respect to those sales shall be transmitted by the board to the City and County of San Francisco, and one-half of the sales taxes collected by the board pursuant to this part with respect to those sales shall be transmitted by the board to the County of San Mateo.

(B) In the case of retail sales of jet fuel as described in subdivision (a) that are consummated at Ontario International Airport, the board shall transmit sales taxes collected by the board pursuant to this part with respect to those sales in accordance with both of the following:

(i) All of the sales taxes that are derived from a local sales tax rate imposed by the City of Ontario shall be transmitted to that city.

(ii) All of the sales taxes that are derived from a local sales tax rate imposed by the County of San Bernardino shall be allocated to that county.

SEC. 2. Section 7205 of the Revenue and Taxation Code is amended to read:

7205. (a) For the purpose of a sales tax imposed by an ordinance adopted pursuant to this part, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his or her agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from those sales shall include delivery charges, when those charges are subject to the state sales and use tax, regardless of the place to which delivery is made.

(b) (1) In the event a retailer has no permanent place of business in the state or has more than one place of business, the place or places at which the retail sales are consummated for the purpose of a sales tax imposed by an ordinance adopted pursuant to this part shall, subject to paragraph (2), be determined under rules and regulations to be prescribed and adopted by the board.

(2) In the case of a sale of jet fuel, the place at which the retail sale of that jet fuel is consummated for the purpose of a sales tax imposed by an ordinance adopted pursuant to this part is the point of the delivery of that jet fuel to the aircraft.

SEC. 3. Sections 1 and 2 of this act shall become operative on January 1, 2008.

CHAPTER 392

An act to amend Section 11010 of the Business and Professions Code, and to add Section 1102.6c to the Civil Code, relating to transfer of real property.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. 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 notice pursuant to Section 1102.6c of the Civil Code.

(12) (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.

(13) (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.

(14) A true statement, if applicable, referencing any soils or geologic report or soils and geologic reports that have been prepared specifically for the subdivision.

(15) 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.

(16) On or after July 1, 2005, as to property located within the jurisdiction of the San Francisco Bay Conservation and Development Commission, a statement that the property is so located and the following notice:

NOTICE OF SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION JURISDICTION

This property is located within the jurisdiction of the San Francisco Bay Conservation and Development Commission. Use and development of property within the commission's jurisdiction may be subject to special regulations, restrictions, and permit requirements. You may wish to investigate and determine whether they are acceptable to you and your intended use of the property before you complete your transaction.

(17) 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. 1.5. 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, a 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 notice pursuant to Section 1102.6c of the Civil Code.

(12) (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.

(13) (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

NOTICE OF AIRPORT IN VICINITY

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 toconsider 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.

(14) A true statement, if applicable, referencing any soils or geologic report or soils and geologic reports that have been prepared specifically for the subdivision.

(15) 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.

(16) On or after July 1, 2005, as to property located within the jurisdiction of the San Francisco Bay Conservation and Development Commission, a statement that the property is so located and the following notice:

NOTICE OF SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION JURISDICTION

This property is located within the jurisdiction of the San Francisco Bay Conservation and Development Commission. Use and development of property within the commission's jurisdiction may be subject to special regulations, restrictions, and permit requirements. You may wish to investigate and determine whether they are acceptable to you and your intended use of the property before you complete your transaction.

(17) If the property is within an asbestos hazard zone mapped pursuant to Section 2686 of the Public Resources Code, the report shall contain the following notice:

NOTICE OF NATURALLY OCCURRING ASBESTOS HAZARD ZONE

This property is located within an area identified by the State Geologist as potentially containing naturally occurring asbestos. Exposure to asbestos may create a significant health risk, and the presence of asbestos-bearing minerals may result in restrictions on the use or

development of the property. You should consider the potential risks associated with the property before you complete your purchase and determine whether they are acceptable to you.

(18) 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. 2. Section 1102.6c is added to the Civil Code, to read:

1102.6c. (a) In addition to any other disclosure required pursuant to this article, it shall be the sole responsibility of the seller of any real property subject to this article, or his or her agent, to deliver to the prospective purchaser a disclosure notice that includes both of the following:

(1) A notice, in at least 12-point type or a contrasting color, as follows:

"California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes.

The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector.

If you have any question concerning this matter, please call your local Tax Collector's Office."

(2) A title, in at least 14-point type or a contrasting color, that reads as follows: "Notice of Your 'Supplemental' Property Tax Bill."

(b) The disclosure notice requirements of this section may be satisfied by delivering a disclosure notice pursuant to Section 1102.6b that satisfies the requirements of subdivision (a).

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 11010 of the Business and Professions Code proposed by both this bill and SB 655. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 11010 of the Business and Professions Code, and (3) this bill is

enacted after SB 655, in which case Section 1 of this bill shall not become operative.

CHAPTER 393

An act to amend Sections 3025.7, 3076, 3145.5, 3146, 3147, 3147.5, 3147.6, 3147.7, 3148, 3150, 3152, and 3152.5 of, to amend and renumber Sections 3090.1, 3096, 3096.5, 3096.6, 3096.7, 3097, 3099, 3100, 3103, 3124, 3125, 3128, 3129, 3130, 3131, and 3135 of, to add Sections 3091, 3092, and 3110 to, to repeal Sections 3094, 3095, 3101, 3102, 3104, 3105, 3105.1, 3106, 3107, 3107.1, 3108, 3109, 3123, 3126, 3127, and 3153 of, and to repeal and add Section 3090 of, the Business and Professions Code, relating to optometry.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 3025.7 of the Business and Professions Code is amended to read:

3025.7. Except as provided in Sections 3102 and 3103, nothing contained in Section 651.3 shall be construed as authorizing the board to adopt, amend, or repeal rules and regulations relating to price fixing or advertising of commodities.

SEC. 2. Section 3076 of the Business and Professions Code is amended to read:

3076. A licensed optometrist shall deliver to each patient that makes a payment to the practice, excluding insurance copayments and deductibles, a receipt that contains all of the following information:

(a) His or her name.

(b) The number of his or her optometrist license.

(c) His or her place of practice.

(d) A description of the goods and services for which the patient is charged and the amount charged.

SEC. 3. Section 3090 of the Business and Professions Code is repealed.

SEC. 4. Section 3090 is added to the Business and Professions Code, to read:

3090. Except as otherwise provided by law, the board may take action against all persons guilty of violating this chapter or any of the regulations adopted by the board. The board shall enforce and administer this article

as to licenseholders, and the board shall have all the powers granted in this chapter for these purposes, including, but not limited to, investigating complaints from the public, other licensees, health care facilities, other licensing agencies, or any other source suggesting that an optometrist may be guilty of violating this chapter or any of the regulations adopted by the board.

SEC. 5. Section 3090.1 of the Business and Professions Code is amended and renumbered to read:

3096. (a) A licensee may be ordered to undergo a professional competency examination if, after investigation and review by the Board of Optometry, there is reasonable cause to believe that the licensee is unable to practice optometry with reasonable skill and safety to patients. Reasonable cause shall be demonstrated by one or more of the following:

(1) A single incident of gross negligence.

(2) A pattern of inappropriate prescribing.

(3) An act of incompetence or negligence causing death or serious bodily injury.

(4) A pattern of substandard care.

(b) The results of a competency examination shall be admissible as direct evidence and may be considered relevant in any subsequent disciplinary or interim proceeding against the licensee taking the examination, and, assuming those results are determined to be relevant, shall be considered together with other relevant evidence in making a final determination.

SEC. 6. Section 3091 is added to the Business and Professions Code, to read:

3091. (a) The board may deny an optometrist license to any applicant guilty of unprofessional conduct or of any cause that would subject a licensee to revocation or suspension of his or her license; or, the board in its sole discretion, may issue a probationary license to an applicant subject to terms and conditions, including, but not limited to, any of the following conditions of probation:

(1) Practice limited to a supervised, structured environment in which the licensee's activities shall be supervised by another optometrist licensed by the board.

(2) Total or partial restrictions on drug prescribing privileges for controlled substances.

(3) Continuing medical or psychiatric treatment.

(4) Ongoing participation in a specified rehabilitation program.

(5) Enrollment and successful completion of a clinical training program.

(6) Abstention from the use of alcohol or drugs.

(7) Restrictions against engaging in certain types of optometry practice.

(8) Compliance with all provisions of this chapter.

(9) Any other terms and conditions deemed appropriate by the board.

(b) The board may modify or terminate the terms and conditions imposed on the probationary license if the licensee petitions for modification or termination of terms and conditions of probation. A licensee shall not petition for modification or termination of terms and conditions until one year has passed from the effective date of the decision granting the probationary license.

SEC. 7. Section 3092 is added to the Business and Professions Code, to read:

3092. All proceedings against a licensee for any violation of this chapter or any of the regulations adopted by the board, or against an applicant for licensure for unprofessional conduct or cause, shall be conducted in accordance with the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code) except as provided in this chapter, and shall be prosecuted by the Attorney General's office.

SEC. 8. Section 3094 of the Business and Professions Code is repealed.

SEC. 9. Section 3095 of the Business and Professions Code is repealed.

SEC. 10. Section 3096 of the Business and Professions Code is amended and renumbered to read:

3097. The sending of a solicitor from house to house or the soliciting from house to house by the holder of an optometrist license constitutes a cause to revoke or suspend his or her license.

SEC. 11. Section 3096.5 of the Business and Professions Code is amended and renumbered to read:

3099. No optometrist shall advertise or otherwise hold himself or herself out to be a specialist in eye disease and the treatment thereof.

SEC. 12. Section 3096.6 of the Business and Professions Code is amended and renumbered to read:

3106. Knowingly making or signing any certificate or other document directly or indirectly related to the practice of optometry that falsely represents the existence or nonexistence of a state of facts constitutes unprofessional conduct.

SEC. 13. Section 3096.7 of the Business and Professions Code is amended and renumbered to read:

3105. Altering or modifying the medical record of any person, with fraudulent intent, or creating any false medical record, with fraudulent intent, constitutes unprofessional conduct. In addition to any other

disciplinary action, the State Board of Optometry may impose a civil penalty of five hundred dollars ($500) for a violation of this section.

SEC. 14. Section 3097 of the Business and Professions Code is amended and renumbered to read:

3108. When the holder is suffering from a contagious or infectious disease, it constitutes a cause to suspend his or her license during the period of continuance of that disease.

SEC. 15. Section 3099 of the Business and Professions Code is amended and renumbered to read:

3100. The holding out as having a special knowledge of optometry, as defined in this chapter, by the holder of a license, constitutes a cause to revoke or suspend his or her license.

SEC. 16. Section 3100 of the Business and Professions Code is amended and renumbered to read:

3104. The employing of what are known as "cappers" or "steerers" to obtain business constitutes unprofessional conduct.

SEC. 17. Section 3101 of the Business and Professions Code is repealed.

SEC. 18. Section 3102 of the Business and Professions Code is repealed.

SEC. 19. Section 3103 of the Business and Professions Code is amended and renumbered to read:

3109. Directly or indirectly accepting employment to practice optometry from any person not having a valid, unrevoked license as an optometrist or from any company or corporation constitutes unprofessional conduct. Except as provided in this chapter, no optometrist may, singly or jointly with others, be incorporated or become incorporated when the purpose or a purpose of the corporation is to practice optometry or to conduct the practice of optometry.

The terms "accepting employment to practice optometry" as used in this section shall not be construed so as to prevent a licensed optometrist from practicing optometry upon an individual patient.

Notwithstanding the provisions of this section or the provisions of any other law, a licensed optometrist may be employed to practice optometry by a physician and surgeon who holds a certificate under this division and who practices in the specialty of ophthalmology or by a health care service plan pursuant to the provisions of Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code.

SEC. 20. Section 3104 of the Business and Professions Code is repealed.

SEC. 21. Section 3105 of the Business and Professions Code is repealed.

SEC. 22. Section 3105.1 of the Business and Professions Code is repealed.

SEC. 23. Section 3106 of the Business and Professions Code is repealed.

SEC. 24. Section 3107 of the Business and Professions Code is repealed.

SEC. 25. Section 3107.1 of the Business and Professions Code is repealed.

SEC. 26. Section 3108 of the Business and Professions Code is repealed.

SEC. 27. Section 3109 of the Business and Professions Code is repealed.

SEC. 28. Section 3110 is added to the Business and Professions Code, to read:

3110. The board may take action against any licensee who is charged with unprofessional conduct, and may deny an application for a license if the applicant has committed unprofessional conduct. In addition to other provisions of this article, unprofessional conduct includes, but is not limited to, the following:

(a) Violating or attempting to violate, directly or indirectly assisting in or abetting the violation of, or conspiring to violate any provision of this chapter or any of the rules and regulations adopted by the board pursuant to this chapter.

(b) Gross negligence.

(c) Repeated negligent acts. To be repeated, there must be two or more negligent acts or omissions.

(d) Incompetence.

(e) The commission of fraud, misrepresentation, or any act involving dishonesty or corruption, that is substantially related to the qualifications, functions, or duties of an optometrist.

(f) Any action or conduct that would have warranted the denial of a license.

(g) The use of advertising relating to optometry that violates Section 651 or 17500.

(h) Denial of licensure, revocation, suspension, restriction, or any other disciplinary action against a health care professional license by another state or territory of the United States, by any other governmental agency, or by another California health care professional licensing board. A certified copy of the decision or judgment shall be conclusive evidence of that action.

(i) Procuring his or her license by fraud, misrepresentation, or mistake.

(j) Making or giving any false statement or information in connection with the application for issuance of a license.

(k) Conviction of a felony or of any offense substantially related to the qualifications, functions, and duties of an optometrist, in which event the record of the conviction shall be conclusive evidence thereof.

(*l*) Administering to himself or herself any controlled substance or using any of the dangerous drugs specified in Section 4022, or using alcoholic beverages to the extent, or in a manner, as to be dangerous or injurious to the person applying for a license or holding a license under this chapter, or to any other person, or to the public, or, to the extent that the use impairs the ability of the person applying for or holding a license to conduct with safety to the public the practice authorized by the license, or the conviction of a misdemeanor or felony involving the use, consumption, or self administration of any of the substances referred to in this subdivision, or any combination thereof.

(m) Committing or soliciting an act punishable as a sexually related crime, if that act or solicitation is substantially related to the qualifications, functions, or duties of an optometrist.

(n) Repeated acts of excessive prescribing, furnishing or administering of controlled substances or dangerous drugs specified in Section 4022, or repeated acts of excessive treatment.

(o) Repeated acts of excessive use of diagnostic or therapeutic procedures, or repeated acts of excessive use of diagnostic or treatment facilities.

(p) The prescribing, furnishing, or administering of controlled substances or drugs specified in Section 4022, or treatment without a good faith prior examination of the patient and optometric reason.

(q) The failure to maintain adequate and accurate records relating to the provision of services to his or her patients.

(r) Performing, or holding oneself out as being able to perform, or offering to perform, any professional services beyond the scope of the license authorized by this chapter.

(s) The practice of optometry without a valid, unrevoked, unexpired license.

(t) The employing, directly or indirectly, of any suspended or unlicensed optometrist to perform any work for which an optometry license is required.

(u) Permitting another person to use the licensee's optometry license for any purpose.

(v) Altering with fraudulent intent a license issued by the board, or using a fraudulently altered license, permit certification or any registration issued by the board.

(w) Except for good cause, the knowing failure to protect patients by failing to follow infection control guidelines of the board, thereby risking transmission of blood borne infectious diseases from optometrist to

patient, from patient to patient, or from patient to optometrist. In administering this subdivision, the board shall consider the standards, regulations, and guidelines of the State Department of Health Services developed pursuant to Section 1250.11 of the Health and Safety Code and the standards, guidelines, and regulations pursuant to the California Occupational Safety and Health Act of 1973 (Part 1 (commencing with Section 6300) of Division 5 of the Labor Code) for preventing the transmission of HIV, hepatitis B, and other blood borne pathogens in health care settings. As necessary, the board may consult with the Medical Board of California, the Board of Podiatric Medicine, the Board of Registered Nursing, and the Board of Vocational Nursing and Psychiatric Technicians, to encourage appropriate consistency in the implementation of this subdivision.

(x) Failure or refusal to comply with a request for the clinical records of a patient, that is accompanied by that patient's written authorization for release of records to the board, within 15 days of receiving the request and authorization, unless the licensee is unable to provide the documents within this time period for good cause.

(y) Failure to refer a patient to an appropriate physician in either of the following circumstances:

(1) Where an examination of the eyes indicates a substantial likelihood of any pathology that requires the attention of that physician.

(2) As required by subdivision (c) of Section 3041.

SEC. 29. Section 3123 of the Business and Professions Code is repealed.

SEC. 30. Section 3124 of the Business and Professions Code is amended and renumbered to read:

3107. It is unlawful to use or attempt to use any license issued by the board that has been purchased, fraudulently issued, counterfeited, or issued by mistake, as a valid license.

SEC. 31. Section 3125 of the Business and Professions Code is amended and renumbered to read:

3078. It is unlawful to practice optometry under a false or assumed name, or to use a false or assumed name in connection with the practice of optometry, or to make use of any false or assumed name in connection with the name of a person licensed pursuant to this chapter. However, the board may issue written permits authorizing an individual optometrist or an optometric group or optometric corporation to use a name specified in the permit in connection with its practice if, and only if, the board finds to its satisfaction that:

(a) The place or establishment, or the portion thereof, in which the applicant or applicants practice, is owned or leased by the applicant or applicants, and the practice conducted at that place or establishment, or

portion thereof, is wholly owned and entirely controlled by the applicant or applicants; provided, however, that where the applicant or applicants are practicing optometry in a community clinic, as defined in subdivision (a) of Section 1204 of the Health and Safety Code, this subdivision shall not apply.

(b) The name under which the applicant or applicants propose to operate is in the judgment of the board not deceptive or inimical to enabling a rational choice for the consumer public and contains at least one of the following designations: "optometry" or "optometric"; provided, however, that where the applicant or applicants are practicing optometry in a community clinic, as defined in subdivision (a) of Section 1204 of the Health and Safety Code, this subdivision shall not apply. In no case shall the name under which the applicant or applicants propose to operate contain the name or names of any of the optometrists practicing in the community clinic.

(c) The names of all optometrists practicing at the location designated in the application are displayed in a conspicuous place for the public to see, not only at the location, but also in any advertising permitted by law.

(d) No charges which could result in revocation or suspension of an optometrist's license to practice optometry are pending against any optometrist practicing at the location.

Permits issued under this section by the board shall expire and become invalid unless renewed at the times and in the manner provided in Article 7 (commencing with Section 3145) for the renewal of licenses issued under this chapter. The board may charge an annual fee, not to exceed ten dollars ($10) for the issuance or renewal of each permit.

Any permit issued under this section may be revoked or suspended at any time that the board finds that any one of the requirements for original issuance of a permit, other than under subdivision (d), is no longer being fulfilled by the individual optometrist, optometric corporation, or optometric group to whom the permit was issued. Proceedings for revocation or suspension shall be governed by the Administrative Procedure Act.

In the event the board revokes or suspends the licenses to practice optometry of an individual optometrist or any member of a corporation or group to whom a permit has been issued under this section, the revocation or suspension shall also constitute revocation or suspension, as the case may be, of the permit.

SEC. 32. Section 3126 of the Business and Professions Code is repealed.

SEC. 33. Section 3127 of the Business and Professions Code is repealed.

SEC. 34. Section 3128 of the Business and Professions Code is amended and renumbered to read:

3101. It is unlawful to advertise by displaying a sign or otherwise or hold himself or herself out to be an optometrist without having at the time of so doing a valid unrevoked license from the board.

SEC. 35. Section 3129 of the Business and Professions Code is amended and renumbered to read:

3102. It is unlawful to advertise as being free or without cost the examination or treatment of the eyes or the furnishing of optometrical services.

SEC. 36. Section 3130 of the Business and Professions Code is amended and renumbered to read:

3103. It is unlawful to include in any advertisement relating to the sale or disposition of goggles, sunglasses, colored glasses or occupational eye-protective devices, any words or figures that advertise or have a tendency to advertise the practice of optometry.

This section does not prohibit the advertising of the practice of optometry by a registered optometrist in the manner permitted by law.

SEC. 37. Section 3131 of the Business and Professions Code is amended and renumbered to read:

3094. In addition to other proceedings provided for in this chapter, whenever any person has engaged, or is about to engage, in any acts or practices that constitute, or will constitute, an offense against this chapter, the superior court in and for the county wherein the acts or practices take place, or are about to take place, may issue an injunction, or other appropriate order, restraining that conduct on application of the board, the Attorney General, the district attorney of the county, or on application of 10 or more persons holding licenses issued under this chapter.

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.

SEC. 38. Section 3135 of the Business and Professions Code is amended and renumbered to read:

3095. In accordance with Section 125.9, the board may establish a system for the issuance of citations, and the assessment of administrative fines, as deemed appropriate by the board.

SEC. 39. Section 3145.5 of the Business and Professions Code is amended to read:

3145.5. Administrative fines collected pursuant to Section 3095 shall be deposited in the Optometry Fund. It is the legislative intent that moneys collected as fines and deposited in the fund be used by the board primarily for enforcement purposes.

SEC. 40. Section 3146 of the Business and Professions Code is amended to read:

3146. A license issued under this chapter expires at midnight on the last day of the licenseholder's birth month following its original issuance and thereafter at midnight on the last day of the licenseholder's birth month every two years if not renewed. To renew an unexpired license, the licenseholder shall apply for renewal on a form prescribed by the board and pay the renewal fee prescribed by this chapter.

SEC. 41. Section 3147 of the Business and Professions Code is amended to read:

3147. Except as otherwise provided by Section 114, an expired license may be renewed at any time within three years after its expiration on filing of an application for renewal on a form prescribed by the board, and payment of all accrued and unpaid renewal fees. If an expired license is renewed, the licenseholder shall pay the delinquency fee prescribed by the board. Renewal under this section shall be effective on the date on which the application is filed, on the date on which the accrued renewal fees are paid, or on the date on which the delinquency fee, if any, is paid, whichever last occurs. If so renewed, the license shall continue as provided in Section 3146 and 3147.5.

SEC. 42. Section 3147.5 of the Business and Professions Code is amended to read:

3147.5. A license that has been suspended is subject to expiration and shall be renewed as provided in this article, but renewal does not entitle the holder of a suspended license to engage in the practice of optometry, or in any other activity or conduct in violation of the order or judgment by which the license was suspended.

A license that has been revoked is subject to expiration, but it may not be renewed. If a revoked license is reinstated after it has expired, a reinstatement fee of 150 percent of the renewal fee shall be assessed.

SEC. 43. Section 3147.6 of the Business and Professions Code is amended to read:

3147.6. Except as otherwise provided by Section 114, a license that is not renewed within three years after its expiration may be restored thereafter, if no fact, circumstance, or condition exists that, if the license were restored, would justify its revocation or suspension, provided all of the following conditions are met:

(a) The holder of the expired license is not subject to denial of a license under Section 480.

(b) The holder of the expired license applies in writing for its restoration on a form prescribed by the board.

(c) He or she pays the fee or fees as would be required of him or her if he or she were then applying for a license for the first time and had not previously taken the examination for a license.

(d) He or she takes and satisfactorily passes the clinical portion of the regular examination of applicants, or other clinical examination approved by the board, and takes and satisfactorily passes the California law and regulations examination.

(e) After having taken and satisfactorily passed the clinical portion of the regular examination of applicants, or other clinical examination approved by the board, he or she pays a restoration fee equal to the renewal fee in effect on the last regular renewal date for licenses.

SEC. 44. Section 3147.7 of the Business and Professions Code is amended to read:

3147.7. The provisions of Section 3147.6 shall not apply to a person holding a license that has not been renewed within three years of expiration, if the person provides satisfactory proof that he or she holds an active license from another state. In this event, the person may renew his or her license in the manner provided for under Section 3147.

SEC. 45. Section 3148 of the Business and Professions Code is amended to read:

3148. From each fee for the renewal of a license for the biennial renewal of a license, there shall be paid the sum of sixteen dollars ($16) by the Director of Consumer Affairs to the University of California.

This sum shall be used at and by the University of California solely for the advancement of optometrical research and the maintenance and support of the department at the university in which the science of optometry is taught.

The balance of each renewal fee shall be paid into the Optometry Fund.

SEC. 46. Section 3150 of the Business and Professions Code is amended to read:

3150. The department may make all necessary disbursements to carry out the provisions of this chapter.

SEC. 47. Section 3152 of the Business and Professions Code is amended to read:

3152. The amount of fees and penalties prescribed by this chapter shall be established by the board in amounts not greater than those specified in the following schedule:

(a) The fee for applicants applying for a license shall not exceed two hundred seventy-five dollars ($275).

(b) The fee for renewal of an optometric license shall not exceed three hundred dollars ($300).

(c) The annual fee for the renewal of a branch office license shall not exceed seventy-five dollars ($75).

(d) The fee for a branch office license shall not exceed seventy-five dollars ($75).

(e) The penalty for failure to pay the annual fee for renewal of a branch office license shall not exceed twenty-five dollars ($25).

(f) The fee for issuance of a license or upon change of name authorized by law of a person holding a license under this chapter shall not exceed twenty-five dollars ($25).

(g) The delinquency fee for renewal of an optometric license shall not exceed twenty-five dollars ($25).

SEC. 48. Section 3152.5 of the Business and Professions Code is amended to read:

3152.5. The board may require each applicant for a certificate to use therapeutic pharmaceutical agents, pursuant to Section 3041.3, to pay an application fee, and may require each licenseholder to pay a renewal fee. The application fee and the renewal fee shall not exceed the actual costs to the board of the reviewing and processing of the application for a license or renewal of a license, monitoring the practice by licenseholders, and enforcing the provisions of law governing the use of therapeutic pharmaceutical agents, the diagnosis and treatment of certain conditions, and the performance of certain procedures by persons certified to use therapeutic pharmaceutical agents.

SEC. 49. Section 3153 of the Business and Professions Code is repealed.

CHAPTER 394

An act to amend Section 2782 of the Civil Code, relating to construction contracts.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 2782 of the Civil Code is amended to read:

2782. (a) Except as provided in Sections 2782.1, 2782.2, 2782.5, and 2782.6, provisions, clauses, covenants, or agreements contained in, collateral to, or affecting any construction contract and that purport to indemnify the promisee against liability for damages for death or bodily injury to persons, injury to property, or any other loss, damage or expense

arising from the sole negligence or willful misconduct of the promisee or the promisee's agents, servants, or independent contractors who are directly responsible to the promisee, or for defects in design furnished by those persons, are against public policy and are void and unenforceable; provided, however, that this section shall not affect the validity of any insurance contract, workers' compensation, or agreement issued by an admitted insurer as defined by the Insurance Code.

(b) Except as provided in Sections 2782.1, 2782.2, and 2782.5, provisions, clauses, covenants, or agreements contained in, collateral to, or affecting any construction contract with a public agency that purport to impose on the contractor, or relieve the public agency from, liability for the active negligence of the public agency are void and unenforceable.

(c) For all construction contracts, and amendments thereto, entered into after January 1, 2006, for residential construction, as used in Title 7 (commencing with Section 895) of Part 2 of Division 2, all provisions, clauses, covenants, and agreements contained in, collateral to, or affecting any such construction contract, and amendments thereto, that purport to indemnify, including the cost to defend, the builder, as defined in Section 911, by a subcontractor against liability for claims of construction defects are unenforceable to the extent the claims arise out of, pertain to, or relate to the negligence of the builder or the builder's other agents, other servants, or other independent contractors who are directly responsible to the builder, or for defects in design furnished by those persons, or to the extent the claims do not arise out of, pertain to, or relate to the scope of work in the written agreement between the parties. This section shall not be waived or modified by contractual agreement, act, or omission of the parties. Contractual provisions, clauses, covenants, or agreements not expressly prohibited herein are reserved to the agreement of the parties.

(d) Subdivision (c) does not prohibit a subcontractor and builder from mutually agreeing to the timing or immediacy of the defense and provisions for reimbursement of defense fees and costs, so long as that agreement, upon final resolution of the claims, does not waive or modify the provisions of subdivision (c). Subdivision (c) shall not affect the obligations of an insurance carrier under the holding of Presley Homes, Inc. v. American States Insurance Company (2001) 90 Cal.App.4th 571. Subdivision (c) shall not affect the builder's or subcontractor's obligations pursuant to Chapter 4 (commencing with Section 910) of Title 7 of Part 2 of Division 2.

CHAPTER 395

An act to amend Sections 1063.1 and 1063.3 of the Insurance Code, relating to insurance.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 1063.1 of the Insurance Code is amended to read:

1063.1. As used in this article:

(a) "Member insurer" means an insurer required to be a member of the association in accordance with subdivision (a) of Section 1063, except and to the extent that the insurer is participating in an insolvency program adopted by the United States government.

(b) "Insolvent insurer" means a member insurer against which an order of liquidation or receivership with a finding of insolvency has been entered by a court of competent jurisdiction.

(c) (1) "Covered claims" means the obligations of an insolvent insurer, including the obligation for unearned premiums, (i) imposed by law and within the coverage of an insurance policy of the insolvent insurer; (ii) which were unpaid by the insolvent insurer; (iii) which are presented as a claim to the liquidator in this state or to the association on or before the last date fixed for the filing of claims in the domiciliary liquidating proceedings; (iv) which were incurred prior to the date coverage under the policy terminated and prior to, on, or within 30 days after the date the liquidator was appointed; (v) for which the assets of the insolvent insurer are insufficient to discharge in full; (vi) in the case of a policy of workers' compensation insurance, to provide workers' compensation benefits under the workers' compensation law of this state; and (vii) in the case of other classes of insurance if the claimant or insured is a resident of this state at the time of the insured occurrence, or the property from which the claim arises is permanently located in this state.

(2) "Covered claims" also include the obligations assumed by an assuming insurer from a ceding insurer where the assuming insurer subsequently becomes an insolvent insurer if, at the time of the insolvency of the assuming insurer, the ceding insurer is no longer admitted to transact business in this state. Both the assuming insurer and the ceding insurer shall have been member insurers at the time the assumption was made. "Covered claims" under this paragraph shall be required to satisfy the requirements of subparagraphs (i) to (vii),

inclusive, of paragraph (1), except for the requirement that the claims be against policies of the insolvent insurer. The association shall have a right to recover any deposit, bond, or other assets that may have been required to be posted by the ceding company to the extent of covered claim payments and shall be subrogated to any rights the policyholders may have against the ceding insurer.

(3) "Covered claims" does not include obligations arising from the following:

(i) Life, annuity, health, or disability insurance.

(ii) Mortgage guaranty, financial guaranty, or other forms of insurance offering protection against investment risks.

(iii) Fidelity or surety insurance including fidelity or surety bonds, or any other bonding obligations.

(iv) Credit insurance.

(v) Title insurance.

(vi) Ocean marine insurance or ocean marine coverage under any insurance policy including claims arising from the following: the Jones Act (46 U.S.C.A. Sec. 688), the Longshore and Harbor Workers' Compensation Act (33 U.S.C.A. Sec. 901 et seq.), or any other similar federal statutory enactment, or any endorsement or policy affording protection and indemnity coverage.

(vii) Any claims servicing agreement or insurance policy providing retroactive insurance of a known loss or losses, except a special excess workers' compensation policy issued pursuant to subdivision (c) of Section 3702.8 of the Labor Code that covers all or any part of workers' compensation liabilities of an employer that is issued, or was previously issued, a certificate of consent to self-insure pursuant to subdivision (b) of Section 3700 of the Labor Code.

(4) "Covered claims" does not include any obligations of the insolvent insurer arising out of any reinsurance contracts, nor any obligations incurred after the expiration date of the insurance policy or after the insurance policy has been replaced by the insured or canceled at the insured's request, or after the insurance policy has been canceled by the association as provided in this chapter, or after the insurance policy has been canceled by the liquidator, nor any obligations to any state or to the federal government.

(5) "Covered claims" does not include any obligations to insurers, insurance pools, or underwriting associations, nor their claims for contribution, indemnity, or subrogation, equitable or otherwise, except as otherwise provided in this chapter.

An insurer, insurance pool, or underwriting association may not maintain, in its own name or in the name of its insured, any claim or legal action against the insured of the insolvent insurer for contribution,

indemnity or by way of subrogation, except insofar as, and to the extent only, that the claim exceeds the policy limits of the insolvent insurer's policy. In those claims or legal actions, the insured of the insolvent insurer is entitled to a credit or setoff in the amount of the policy limits of the insolvent insurer's policy, or in the amount of the limits remaining, where those limits have been diminished by the payment of other claims.

(6) "Covered claims," except in cases involving a claim for workers' compensation benefits or for unearned premiums, does not include any claim in an amount of one hundred dollars ($100) or less, nor that portion of any claim that is in excess of any applicable limits provided in the insurance policy issued by the insolvent insurer.

(7) "Covered claims" does not include that portion of any claim, other than a claim for workers' compensation benefits, that is in excess of five hundred thousand dollars ($500,000).

(8) "Covered claims" does not include any amount awarded as punitive or exemplary damages, nor any amount awarded by the Workers' Compensation Appeals Board pursuant to Section 5814 or 5814.5 because payment of compensation was unreasonably delayed or refused by the insolvent insurer.

(9) "Covered claims" does not include (i) any claim to the extent it is covered by any other insurance of a class covered by this article available to the claimant or insured nor (ii) any claim by any person other than the original claimant under the insurance policy in his or her own name, his or her assignee as the person entitled thereto under a premium finance agreement as defined in Section 673 and entered into prior to insolvency, his or her executor, administrator, guardian or other personal representative or trustee in bankruptcy and does not include any claim asserted by an assignee or one claiming by right of subrogation, except as otherwise provided in this chapter.

(10) "Covered claims" does not include any obligations arising out of the issuance of an insurance policy written by the separate division of the State Compensation Insurance Fund pursuant to Sections 11802 and 11803.

(11) "Covered claims" does not include any obligations of the insolvent insurer arising from any policy or contract of insurance issued or renewed prior to the insolvent insurer's admission to transact insurance in the State of California.

(12) "Covered claims" does not include surplus deposits of subscribers as defined in Section 1374.1.

(13) "Covered Claims" shall also include obigations arising under an insurance policy written to indemnify a permissibly self-insured employer pursuant to subdivision (b) or (c) of Section 3700 of the Labor Code for its liability to pay workers' compensation benefits in excess of a specific

or aggregate retention, provided, however, that for purposes of this article, those claims shall not be considered workers' compensation claims and therefore are subject to the per claim limit in paragraph (7) and any payments and expenses related thereto shall be allocated to category (c) for claims other than workers' compensation, homeowners, and automobile, as provided in Section 1063.5.

These provisions shall apply to obligations arising under any policy as described herein issued to a permissibly self-insured employer or group of self-insured employers pursuant to Section 3700 of the Labor Code and notwithstanding any other provision of the Insurance Code, those obligations shall be governed by this provision in the event that the Self-Insurers' Security Fund is ordered to assume the liabilities of a permissibly self-insured employer or group of self-insured employers pursuant to Section 3701.5 of the Labor Code. The provisions of this paragraph apply only to insurance policies written to indemnify a permissibly self-insured employer or group of self-insured employers under subdivision (b) or (c) of Section 3700, for its liability to pay workers' compensation benefits in excess of a specific or aggregate retention, and this paragraph does not apply to special excess workers' compensation insurance policies unless issued pursuant to authority granted in subdivision (c) of Section 3702.8 of the Labor Code, and as provided for in clause (vii) of paragraph (3) of subdivision (c). In addition, this paragraph does not apply to any claims servicing agreement or insurance policy providing retroactive insurance of a known loss or losses as are excluded in clause (vii) of paragraph (3) of subdivision (c).

Each permissibility self-insured employer or group of self-insured employers, or the Self-Insurers' Security Fund, shall, to the extent required by the Labor Code, be responsible for paying, adjusting, and defending each claim arising under policies of insurance covered under this section, unless the benefits paid on a claim exceed the specific or aggregate retention, in which case.

(A) If the benefits paid on the claim exceed the specific or aggregate retention, and the policy requires the insurer to defend and adjust the claim, the California Insurance Guarantee Association (CIGA) shall be solely responsible for adjusting and defending the claim, and shall make all payments due under the claim, subject to the limitations and exclusions of this article with regards to covered claims. As to each claim subject to this paragraph, notwithstanding any other provisions of the Insurance Code or the Labor Code, and regardless of whether the amount paid by CIGA is adequate to discharge a claim obligation, neither the self-insured employer, group of employers, nor the Self-Insurers' Security Fund, shall have any obligation to pay benefits over and above the specific or aggregate retention, except as provided in subdivision (c).

(B) If the benefits paid on the claim exceed the specific or aggregate retention, and the policy does not require the insurer to defend and adjust the claim, the permissibility self-insured employer or group of self-insured employers, or the Self-Insurers' Security Fund, shall not have any further payment obligations with respect to the claim, but shall continue defending and adjusting the claim, and shall have the right, but not the obligation, in any proceeding to assert all applicable statutory limitations and exclusions as contained in this article with regard to the covered claim. CIGA shall have the right, but not the obligation, to intervene in any proceeding where the self-insured employer, group of self-insured employers, or the Self-Insurers' Security Fund is defending any such claim and shall be permitted to raise the appropriate statutory limitations and exclusions as contained in this article with respect to covered claims. Regardless of whether the self-insured employer or group of employers, or the Self-Insurers' Security Fund, asserts the applicable statutory limitations and exclusions, or whether CIGA intervenes in any such proceeding, CIGA shall be solely responsible for paying all benefits due on the claim, subject to the exclusions and limitations of this article with respect to covered claims. As to each claim subject to this paragraph, notwithstanding any other provision of the Insurance Code or the Labor Code and regardless of whether the amount paid by CIGA is adequate to discharge a claim obligation, neither the self-insured employer, group of employers, nor the Self-Insurers' Security Fund, shall have any obligation to pay benefits over and above the specific or aggregate retention, except as provided in this subdivision.

(c) In the event that the benefits paid on the covered claim exceed the per claim limit in paragraph (7) of subdivision (c), the responsibility for paying, adjusting, and defending the claim shall be returned to the permissibly self-insured employer or group of employers, or the Self-Insurers' Security Fund.

These provisions shall apply to all pending and future insolvencies. For purposes of this paragraph, a pending insolvency is one involving a company that is currently receiving benefits from the guaranty association.

(d) "Admitted to transact insurance in this state" means an insurer possessing a valid certificate of authority issued by the department.

(e) "Affiliate" means a person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with an insolvent insurer on December 31 of the year next preceding the date the insurer becomes an insolvent insurer.

(f) "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract

other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10 percent or more of the voting securities of any other person. This presumption may be rebutted by showing that control does not in fact exist.

(g) "Claimant" means any insured making a first party claim or any person instituting a liability claim; provided that no person who is an affiliate of the insolvent insurer may be a claimant.

(h) "Ocean marine insurance" includes marine insurance as defined in Section 103, except for inland marine insurance, as well as any other form of insurance, regardless of the name, label, or marketing designation of the insurance policy, that insures against maritime perils or risks and other related perils or risks, which are usually insured against by traditional marine insurance such as hull and machinery, marine builders' risks, and marine protection and indemnity. Those perils and risks insured against include, without limitation, loss, damage, or expense or legal liability of the insured arising out of or incident to ownership, operation, chartering, maintenance, use, repair, or construction of any vessel, craft or instrumentality in use in ocean or inland waterways, including liability of the insured for personal injury, illness, or death for loss or damage to the property of the insured or another person.

(i) "Unearned premium" means that portion of a premium that had not been earned because of the cancellation of the insolvent insurer's policy and is that premium remaining for the unexpired term of the insolvent insurer's policy. "Unearned premium" does not include any amount sought as return of a premium under any policy providing retroactive insurance of a known loss or return of a premium under any retrospectively rated policy or a policy subject to a contingent surcharge or any policy in which the final determination of the premium cost is computed after expiration of the policy and is calculated on the basis of actual loss experience during the policy period.

SEC. 2. Section 1063.3 of the Insurance Code is amended to read:

1063.3. To aid in the detection and prevention of member insurer insolvencies:

(a) The board may, upon majority vote, make recommendations to the commissioner on matters pertaining to regulation for solvency.

(b) The board may prepare a report on the history and causes of any member insurer insolvency in which the association was obligated to pay covered claims, based on the information available to the association, and submit that report along with any recommendations resulting therefrom to the commissioner.

(c) The board may request the Self-Insurers' Security Fund to prepare, and the Self-Insurers' Security Fund may provide to the board, a report identifying the aggregate amount of liability, including the estimated exposure for every insurance carrier admitted to transact workers' compensation insurance in this state, under all specific excess workers' compensation policies in existence for a given period in this state as reported by the private self-insured employers to the Director of Industrial Relations in the annual reports submitted pursuant to Section 3702.2 of the Labor Code.

CHAPTER 396

An act to amend Section 22251 of, and to add Section 22253.1 to, the Business and Professions Code, relating to tax preparers.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 22251 of the Business and Professions Code is amended to read:

22251. For the purposes of this chapter, the following words have the following meanings:

(a) (1) Except as otherwise provided in paragraph (2), "tax preparer" includes:

(A) A person who, for a fee or for other consideration, assists with or prepares tax returns for another person or who assumes final responsibility for completed work on a return on which preliminary work has been done by another person, or who holds himself or herself out as offering those services. A person engaged in that activity shall be deemed to be a separate person for the purposes of this chapter, irrespective of affiliation with, or employment by, another tax preparer.

(B) A corporation, partnership, association, or other entity that has associated with it persons not exempted under Section 22258, which persons shall have as part of their responsibilities the preparation of data and ultimate signatory authority on tax returns or that holds itself out as offering those services or having that authority.

(2) Notwithstanding paragraph (1), "tax preparer" does not include an employee who, as part of the regular clerical duties of his or her employment, prepares his or her employer's income, sales, or payroll tax returns.

(b) "Tax return" means a return, declaration, statement, refund claim, or other document required to be made or filed in connection with state or federal income taxes or state bank and corporation franchise taxes.

(c) An "approved curriculum provider," for purposes of basic instruction as described in subdivision (a) of Section 22255, and continuing education as described in subdivision (b) of Section 22255, is one who has been approved by the council as defined in subdivision (d). A curriculum provider who is approved by the tax education council is exempt from Chapter 7 (commencing with Section 94700) of Part 59 of Division 10 of the Education Code.

(d) "Council" means the California Tax Education Council that is a single organization made up of not more than one representative from each professional society, association, or other entity operating as a nonprofit corporation that chooses to participate in the council and that represents tax preparers, enrolled agents, attorneys, or certified public accountants with a membership in California of at least 200 for the last three years, and not more than one representative from each for-profit tax preparation corporation that chooses to participate in the council and that has at least 200 employees and has been operating in California for the last three years. The council shall establish a process by which two individuals who are tax preparers pursuant to Section 22255 are appointed to the council with full voting privileges to serve terms as determined by the council, with their initial terms being served on a staggered basis. A person exempt from the requirements of this chapter pursuant to Section 22258 is not eligible for appointment to the council, other than an employee of an individual in an exempt category.

(e) "Client" means an individual for whom a tax preparer performs or agrees to perform tax preparation services.

(f) "Refund anticipation loan" means a loan, whether provided by the tax preparer or another entity, such as a financial institution, in anticipation of, and whose payment is secured by, a client's federal or state income tax refund or by both.

(g) "Refund anticipation loan fee schedule" means a list or table of refund anticipation loan fees that includes three or more representative refund anticipation loan amounts. The schedule shall separately list each fee or charge imposed, as well as a total of all fees imposed, related to the making of a refund anticipation loan. The schedule shall also include, for each representative loan amount, the estimated annual percentage rate calculated under the guidelines established by the federal Truth in Lending Act (15 U.S.C. Sec. 1601 and following).

SEC. 2. Section 22253.1 is added to the Business and Professions Code, to read:

22253.1. (a) Any tax preparer who advertises the availability of a refund anticipation loan shall not directly or indirectly represent the loan as a client's actual refund. Any advertisement that mentions a refund anticipation loan shall state conspicuously that it is a loan and that a fee or interest will be charged by the lending institution. The advertisement shall also disclose the name of the lending institution.

(b) Every tax preparer who offers to facilitate, or who facilitates, a refund anticipation loan to a client shall display a refund anticipation loan schedule showing the current fees for refund anticipation loans facilitated at the office, for the electronic filing of the client's tax return, for setting up a refund account, and any other related activities necessary to receive a refund anticipation loan. The fee schedule shall also include a statement indicating that the client may have the tax return filed electronically without also obtaining a refund anticipation loan.

(c) The postings required by this section shall be made in not less than 28-point type on a document measuring not less than 16 by 20 inches. The postings required in this section shall be displayed in a prominent location at each office where any tax preparer is offering to facilitate or facilitating a refund anticipation loan.

(d) (1) Prior to the client's completion of the refund anticipation loan application, a tax preparer that offers to facilitate a refund anticipation loan shall provide to the client a clear, written disclosure containing all of the following information:

(A) The refund anticipation loan fee schedule.

(B) That a refund anticipation loan is a loan and is not the client's actual income tax refund.

(C) That the taxpayer can file an income tax return electronically without applying for a refund anticipation loan.

(D) The average amount of time, according to the Internal Revenue Service, within which a taxpayer who does not obtain a refund anticipation loan can expect to receive a refund if the taxpayer's return is filed or mailed as follows:

(i) Filed electronically and the refund is deposited directly into the taxpayer's bank account or mailed to the taxpayer.

(ii) Mailed to the Internal Revenue Service and the refund is deposited directly into the taxpayer's bank account or mailed to the taxpayer.

(E) That the Internal Revenue Service does not guarantee that it will pay the full amount of the anticipated refund and it does not guarantee a specific date that a refund will be deposited into the taxpayer's bank account or mailed to the taxpayer.

(F) That the client is responsible for the repayment of the refund anticipation loan and the related fees in the event that the tax refund is not paid or paid in full.

(G) The estimated time within which the loan proceeds will be paid to the client if the loan is approved.

(H) The fee that will be charged, if any, if the client's loan is not approved.

(2) Prior to the client's consummation of the refund anticipation loan transaction, a tax preparer that facilitates a refund anticipation loan shall provide to the client, in either written or electronic form, the following information:

(A) The estimated total fees for obtaining the refund anticipation loan.

(B) The estimated annual percentage rate for the client's refund anticipation loan, using the guidelines established under the federal Truth in Lending Act (15 U.S.C. Sec. 1601 and following).

(C) A comparison of the various costs, fees, and finance charges, if applicable, associated with receiving a refund by mail or by direct deposit directly from the Internal Revenue Service, a refund anticipation loan, a refund anticipation check, or any other refund settlement options facilitated by the tax preparation service.

(e) This section shall comply with the language requirements set forth in Section 1632 of the Civil Code.

(f) Any tax preparer who offers to facilitate, or who facilitates, a refund anticipation loan may not engage in any of the following activities:

(1) Requiring a client to enter into a loan arrangement in order to complete a tax return.

(2) Misrepresenting a material factor or condition of a refund anticipation loan.

(3) Failing to process the application for a refund anticipation loan promptly after the client applies for the loan.

(4) Engaging in any transaction, practice, or course of business that operates a fraud upon any person in connection with a refund anticipation loan.

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

CHAPTER 397

An act to amend Section 2071 of, and to add Section 2084 to, the Insurance Code, relating to homeowners' insurance.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 2071 of the Insurance Code is amended to read:

2071. (a) The following is adopted as the standard form of fire insurance policy for this state:

California Standard Form Fire Insurance Policy

No.

[Space for insertion of name of company or companies issuing the policy and other matter permitted to be stated at the head of the policy.]

[Space for listing amounts of insurance, rates and premiums for the basic coverages insured under the standard form of policy and for additional coverages or perils insured under endorsements attached.]

In consideration of the provisions and stipulations herein or added hereto and of ____ dollars premium this company, for the term of _____

from the _____ day of _____, 20 _____ } At 12:01 a.m.,
to the _____ day of _____, 20 _____ } standard time,

at location of property involved, to an amount not exceeding ____ dollars, does insure ____ and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after the loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described hereinafter while located or contained as described in this policy, or pro rata for five days at each proper place to which any

of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with any other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

IN WITNESS WHEREOF, this company has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized agent of this company at

Secretary. President.

Countersigned this _____ day of _____ _____ , 20 _____

_____Agent

Concealment, fraud

This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

Uninsurable and excepted property

This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

Perils not included

This company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by: (a) enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that the fire did not originate from any of the perils excluded by this policy; (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises; (j) nor shall this company be liable for loss by theft.

Other insurance

Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

Conditions suspending or restricting insurance

Unless otherwise provided in writing added hereto this company shall not be liable for loss occurring (a) while the hazard is increased by any means within the control or knowledge of the insured; or (b) while a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of 60 consecutive days; or (c) as a result of explosion or riot, unless fire ensues, and in that event for loss by fire only.

Other perils or subjects

Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

Added provisions

The extent of the application of insurance under this policy and of the contribution to be made by this company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy or by statute is subject to change.

Waiver provisions

No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this company relating to appraisal or to any examination provided for herein.

Cancellation of policy

This policy shall be canceled at any time at the request of the insured, in which case this company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be canceled at any time by this company by giving to the insured a 20 days' written notice of cancellation with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand. If the

reason for cancellation is nonpayment of premium, this policy may be canceled by this company by giving to the insured a 10 days' written notice of cancellation.

Mortgagee interests and obligations

If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, the interest in this policy may be canceled by giving to the mortgagee a 10 days' written notice of cancellation.

If the insured fails to render proof of loss the mortgagee, upon notice, shall render proof of loss in the form herein specified within 60 days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of the mortgagee may be added hereto by agreement in writing.

Pro rata liability

This company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

Requirements in case loss occurs

The insured shall give written notice to this company of any loss without unnecessary delay, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed; and within 60 days after the loss, unless the time is extended in writing by this company, the insured shall render to this company a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: the time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this policy, by whom and for what purpose any building herein described and the several parts

thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required and obtainable, verified plans and specifications of any building, fixtures or machinery destroyed or damaged.

The insured, as often as may be reasonably required and subject to the provisions of Section 2071.1, shall exhibit to any person designated by this company all that remains of any property herein described, and submit to examinations under oath by any person named by this company, and subscribe the same; and, as often as may be reasonably required, shall produce for examinations all books of account, bills, invoices, and other vouchers, or certified copies thereof if the originals be lost, at any reasonable time and place as may be designated by this company or its representative, and shall permit extracts and copies thereof to be made. The insurer shall inform the insured that tax returns are privileged against disclosure under applicable law but may be necessary to process or determine the claim.

The insurer shall notify every claimant that they may obtain, upon request, copies of claim-related documents. For purposes of this section, "claim-related documents" means all documents that relate to the evaluation of damages, including, but not limited to, repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third-party findings on the amount of loss, covered damages, and cost of repairs, and all other valuation, measurement, and loss adjustment calculations of the amount of loss, covered damage, and cost of repairs. However, attorney work product and attorney-client privileged documents, and documents that indicate fraud by the insured or that contain medically privileged information, are excluded from the documents an insurer is required to provide pursuant to this section to a claimant. Within 15 calendar days after receiving a request from an insured for claim-related documents, the insurer shall provide the insured with copies of all claim-related documents, except those excluded by this section. Nothing in this section shall be construed to affect existing litigation discovery rights.

After a covered loss, the insurer shall provide, free of charge, a complete, current copy of this policy within 30 calendar days of receipt of a request from the insured. The time period for providing this policy may be extended by the Insurance Commissioner.

An insured who does not experience a covered loss shall, upon request, be entitled to one free copy of this policy annually. The policy provided to the insured shall include, where applicable, the policy declarations page.

Appraisal

In case the insured and this company shall fail to agree as to the actual cash value or the amount of loss, then, on the written request of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within 20 days of the request. Where the request is accepted, the appraisers shall first select a competent and disinterested umpire; and failing for 15 days to agree upon the umpire, then, on request of the insured or this company, the umpire shall be selected by a judge of a court of record in the state in which the property covered is located. Appraisal proceedings are informal unless the insured and this company mutually agree otherwise. For purposes of this section, "informal" means that no formal discovery shall be conducted, including depositions, interrogatories, requests for admission, or other forms of formal civil discovery, no formal rules of evidence shall be applied, and no court reporter shall be used for the proceedings. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him or her and the expenses of appraisal and umpire shall be paid by the parties equally. In the event of a government-declared disaster, as defined in the Government Code, appraisal may be requested by either the insured or this company but shall not be compelled.

Adjusters

If, within a six-month period, the company assigns a third or subsequent adjuster to be primarily responsible for a claim, the insurer, in a timely manner, shall provide the insured with a written status report. For purposes of this section, a written status report shall include a summary of any decisions or actions that are substantially related to the disposition of a claim, including, but not limited to, the amount of losses to structures or contents, the retention or consultation of design or construction professionals, the amount of coverage for losses to structures or contents and all items of dispute.

Company's options

It shall be optional with this company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within 30 days after the receipt of the proof of loss herein required.

Abandonment

There can be no abandonment to this company of any property.

When loss payable

The amount of loss for which this company may be liable shall be payable 60 days after proof of loss, as herein provided, is received by this company and ascertainment of the loss is made either by agreement between the insured and this company expressed in writing or by the filing with this company of an award as herein provided.

Suit

No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within 12 months next after inception of the loss.

Subrogation

This company may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this company.

(b) Any amendments to this section by the enactment of Senate Bill 658 of the 2001–02 Regular Session shall govern a policy utilizing the form provided in subdivision (a) when that policy is originated or renewed on and after January 1, 2002.

(c) The amendments to this section made by the act adding this subdivision shall govern a policy utilizing the form provided in subdivision (a) when that policy is originated or renewed on and after January 1, 2004.

SEC. 2. Section 2084 is added to the Insurance Code, to read:

2084. (a) After a covered loss under a policy covered by Section 2071, an insurer shall provide to the insured, free of charge, a complete, current copy of his or her policy within 30 calendar days of receipt of a request from the insured. The time period for providing the policy may be extended by the Insurance Commissioner.

(b) An insured under a policy covered by Section 2071 who does not experience a covered loss shall, upon request, be entitled to one free copy of his or her policy annually. The policy provided to the insured shall include, where applicable, the policy declarations page.

CHAPTER 398

An act to amend Section 13943.1 of the Government Code, and to amend Sections 7074, 19732, 19733, 19738, and 19777.5 of, to add Section 19255 to, and to repeal Section 19737 of, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 13943.1 of the Government Code is amended to read:

13943.1. (a) Except as provided in subdivision (b), a discharge granted pursuant to this chapter to a state agency or employee does not release any person from the payment of any tax, license, fee, or other money that is due and owing to the state.

(b) A discharge granted pursuant to this chapter to the Franchise Tax Board shall release a person from a liability for the payment of any tax, fee, or other liability deemed uncollectible that is due and owing to the state and extinguish that liability, if at least one of the following conditions is met:

(1) The liability is for an amount less than two hundred and fifty dollars ($250).

(2) The liable person has been deceased for more than four years and there is no active probate with respect to that person.

(3) The Franchise Tax Board has determined that the liable person has a permanent financial hardship.

(4) The liability has been unpaid for more than 30 years.

SEC. 2. Section 7074 of the Revenue and Taxation Code is amended to read:

7074. (a) Except for taxpayers who have entered into an installment payment agreement pursuant to subdivision (b) of Section 7073, there shall be added to the tax for each period for which amnesty could have been requested:

(1) For amounts that are due and payable on the last date of the amnesty period, an amount equal to 50 percent of the accrued interest payable under Section 6591 for the period beginning on the date in which the tax was due and ending on the last day of the amnesty period specified in Section 7071.

(2) An amount equal to 50 percent of the interest computed under Section 6591 on any final amount, including final deficiencies and self-assessed amounts, for the period beginning on the date in which the tax was due and ending on the last day of the amnesty period specified in Section 7071.

(b) The penalty imposed by this section is in addition to any other penalty imposed under this part.

(c) Article 2 (commencing with Section 6481) does not apply with respect to the assessment or collection of any penalty imposed by subdivision (a).

SEC. 3. Section 19255 is added to the Revenue and Taxation Code, to read:

19255. (a) Except as otherwise provided in subdivisions (b) and (e), after 20 years have lapsed from the date the latest tax liability for a taxable year or the date any other liability that is not associated with a taxable year becomes "due and payable" within the meaning of Section 19221, the Franchise Tax Board may not collect that amount and the taxpayer's liability to the state for that liability is abated by reason of lapse of time. Any actions taken by the Franchise Tax Board to collect an uncollectible liability shall be released, withdrawn, or otherwise terminated by the Franchise Tax Board, and no subsequent administrative or civil action shall be taken or brought to collect all or part of that uncollectible amount. Any amounts received in contravention of this section shall be considered an overpayment pursuant to Section 19306 that may be credited and refunded in accordance with Section 19301.

(b) If a timely civil action filed pursuant to Article 2 of Chapter 6 of this part is commenced, or a claim is filed in a probate action, the period for which the liability is collectable shall be extended and shall not expire until that liability, probate claim, or judgment against the taxpayer arising from that liability is satisfied or becomes unenforceable under the laws applicable to the enforcement of civil judgments.

(c) For purposes of this section, both of the following apply:

(1) "Tax liability" means a liability imposed under Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or this part, and includes any additions to tax, interest, penalties, fees and any other amounts relating to the imposed liability.

(2) If more than one liability is "due and payable" for a particular taxable year, with the exception of a liability resulting from a penalty imposed under Section 19777.5, the "due and payable" date that is later in time shall be the date upon which the 20-year limitation of subdivision (a) commences.

(d) This section shall not apply to amounts subject to collection by the Franchise Tax Board pursuant to Article 5, 5.5, or 6 of this chapter,

or any other amount that is not a tax imposed under Part 10 or Part 11, but which the Franchise Tax Board is collecting as though it were a final personal income tax delinquency.

(e) (1) The expiration of the period of limitation on collection under this section shall be suspended for the following periods:

(A) The period that the Franchise Tax Board is prohibited from involuntary collection under subparagraph (B) of paragraph (1) of subdivision (b) of Section 19271 relating to collection of child support delinquencies, plus 60 days thereafter.

(B) The period during which the Franchise Tax Board is prohibited by reason of a bankruptcy case from collecting, plus six months thereafter.

(C) The period described under subdivision (d) of Section 19008 relating to installment payment agreements.

(D) The period during which collection is postponed by operation of law under Section 18571, related to postponement by reason of service in a combat zone, or under Section 18572, related to postponement by reason of presidentially declared disaster or terroristic or military action.

(E) During any other period during which collection of a tax is suspended, postponed, or extended by operation of law.

(2) A suspension of the period of limitation under this subdivision shall apply with respect to both parties of any liability that is joint and several.

(f) This section shall be applied on and after July 1, 2006, to any liability "due and payable" before, on, or after that date.

SEC. 4. Section 19732 of the Revenue and Taxation Code is amended to read:

19732. (a) For any taxpayer who meets each of the requirements of Section 19733 both of the following apply:

(1) The Franchise Tax Board shall waive all unpaid penalties and fees imposed by this part for each taxable year for which tax amnesty is allowed, but only to the extent of the amount of any penalty or fee that is owed as a result of previous nonreporting or underreporting of tax liabilities or prior nonpayment of any taxes previously assessed or proposed to be assessed for that taxable year.

(2) Except as provided in subdivision (b), no criminal action shall be brought against the taxpayer for the taxable years for which tax amnesty is allowed for the nonreporting or underreporting of tax liabilities or the nonpayment of any taxes previously assessed or proposed to be assessed.

(b) This chapter shall not apply to violations of this part, for which, as of February 1, 2005, any of the following applies:

(1) The taxpayer is on notice of a criminal investigation by a complaint having been filed against the taxpayer.

(2) The taxpayer is under criminal investigation.

(3) A court proceeding has already been initiated.

(c) This section shall not apply to any nonreported or underreported tax liability amounts attributable to tax shelter items that could have been reported under either the voluntary compliance initiative under Chapter 9.5 (commencing with Section 19751) or the Internal Revenue Service's Offshore Voluntary Compliance Initiative described in Revenue Procedure 2003–11.

(d) No refund or credit shall be granted with respect to any penalty or fee paid with respect to a taxable year prior to the time the taxpayer makes a request for tax amnesty for that taxable year pursuant to Section 19733.

(e) Notwithstanding Chapter 6 (commencing with Section 19301), a taxpayer may not file a claim for refund or credit for any amounts paid in connection with the tax amnesty program under this chapter.

SEC. 5. Section 19733 of the Revenue and Taxation Code is amended to read:

19733. (a) This chapter shall apply to any taxpayer who satisfiesall of the following requirements:

(1) During the tax amnesty program period specified in Section 19731, is eligible to participate in the tax amnesty program.

(2) During the tax amnesty program period specified in Section 19731, files a completed amnesty application with the Franchise Tax Board, signed under penalty of perjury, electing to participate in the tax amnesty program.

(3) Within 60 days after the conclusion of the tax amnesty period, does the following:

(A) (i) For any taxable year eligible for the tax amnesty program where the taxpayer has not filed any required return, files a completed original tax return for that year, or

(ii) For any taxable year eligible for the tax amnesty program where the taxpayer filed a return but underreported tax liability on that return, files an amended return for that year.

(B) Pays in full any taxes and interest due for each taxable year described in clauses (i) and (ii) of subparagraph (A), as applicable, for which amnesty is requested, or applies for an installment payment agreement under subdivision (b). For taxpayers who have not paid in full any taxes previously proposed to be assessed, pays in full the taxes and interest due for that portion of the proposed assessment for each taxable year for which amnesty is requested or applies for an installment payment agreement under subdivision (b).

(4) For purposes of complying with the full payment provisions of paragraph (3) of subdivision (a), if the full amount due is paid within

the period set forth in paragraph (3) of subdivision (c) of Section 19101 after the date the Franchise Tax Board mails a notice resulting from the filing of an amnesty application or the full amount is paid within 60 days after the conclusion of the tax amnesty period, the full amount due shall be treated as paid during the amnesty period.

(5) In the case of any taxpayer that has filed for bankruptcy protection under Title 11 of the United States Code, submits an order from a Federal Bankruptcy Court allowing the taxpayer to participate in the amnesty program.

(b) (1) For purposes of complying with the full payment provisions of subparagraph (B) of paragraph (3) of subdivision (a), the Franchise Tax Board may enter into an installment payment agreement, but only if final payment under the terms of that installment payment agreement is due and is paid no later than June 30, 2006.

(2) Any installment payment agreement authorized by this subdivision shall include interest on the outstanding amount due at the rate prescribed in Section 19521.

(3) Failure by the taxpayer to fully comply with the terms of an installment payment agreement under this subdivision shall render the waiver of penalties and fees under Section 19732 null and void, unless the Franchise Tax Board determines that the failure was due to reasonable cause and not due to willful neglect.

(4) In the case of any failure described under paragraph (3), the total amount of tax, interest, fees, and all penalties shall become immediately due and payable.

(c) (1) The application required under paragraph (2) of subdivision (a) shall be in the form and manner specified by the Franchise Tax Board, but in no case shall a mere payment of any taxes and interest due, in whole or in part, for any taxable year otherwise eligible for amnesty under this part, be deemed to constitute an acceptable amnesty application under this part. For purposes of the prior sentence, the application of a refund from one taxable year to offset a tax liability from another taxable year otherwise eligible for amnesty shall not, without the filing of an amnesty application, be deemed to constitute an acceptable amnesty application under this part.

(2) The Legislature specifically intends that the Franchise Tax Board, in administering the amnesty application requirement under this part, make the amnesty application process as streamlined as possible to ensure participation in the amnesty program will be available to as many taxpayers as possible without otherwise compromising the Franchise Tax Board's ability to enforce and collect the taxes imposed under Part 10 (commencing with Section 17001) and Part 11 (commencing with Section 23001).

(d) Upon the conclusion of the tax amnesty program period, the Franchise Tax Board may propose a deficiency upon any return filed pursuant to subparagraph (A) of paragraph (3) of subdivision (a), impose penalties and fees, or initiate criminal action under this part with respect to the difference between the amount shown on that return and the correct amount of tax. This action shall not invalidate any waivers previously granted under Section 19732.

(e) All revenues derived pursuant to subdivision (c) shall be subject to Sections 19602 and 19604.

SEC. 6. Section 19737 of the Revenue and Taxation Code is repealed.

SEC. 7. Section 19738 of the Revenue and Taxation Code is amended to read:

19738. Any taxpayer who has an existing installment payment agreement under Section 19008 as of the start of the amnesty program, and who does not participate in the amnesty program, may not be subject to the penalty imposed under Section 19777.5 with respect to amounts payable under that agreement.

SEC. 8. Section 19777.5 of the Revenue and Taxation Code is amended to read:

19777.5. (a) There shall be added to the tax for each taxable year for which amnesty could have been requested:

(1) For amounts that are due and payable on the last day of the amnesty period, an amount equal to 50 percent of the accrued interest payable under Section 19101 for the period beginning on the last date prescribed by law for the payment of that tax (determined without regard to extensions) and ending on the last day of the amnesty period specified in Section 19731.

(2) For amounts that become due and payable after the last date of the amnesty period, an amount equal to 50 percent of the interest computed under Section 19101 on any final amount, including final deficiencies and self-assessed amounts, for the period beginning on the last date prescribed by law for the payment of the tax for the year of the deficiency (determined without regard to extensions) and ending on the last day of the amnesty period specified in Section 19731.

(3) For purposes of paragraph (2), Sections 19107, 19108, 19110, and 19113 shall apply in determining the amount computed under Section 19101.

(b) The penalty imposed by this section is in addition to any other penalty imposed under Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or this part.

(c) This section does not apply to any amounts that are treated as paid during the amnesty program period under paragraph (4) of subdivision (a) of Section 19733 or paragraph (1) of subdivision (b) of Section 19733.

(d) Article 3 (commencing with Section 19031), (relating to deficiency assessments) shall not apply with respect to the assessment or collection of any penalty imposed by subdivision (a).

(e) (1) Notwithstanding Chapter 6 (commencing with Section 19301), a taxpayer may not file a claim for refund or credit for any amounts paid in connection with the penalty imposed in subdivision (a), except as provided in paragraph (2).

(2) A taxpayer may file a claim for refund for any amounts paid to satisfy a penalty imposed under subdivision (a) on the grounds that the amount of the penalty was not properly computed by the Franchise Tax Board.

(f) Notwithstanding Section 18415, the amendments made to this section by the act adding this subdivision shall apply to penalties imposed under paragraph (2) of subdivision (a) after March 31, 2005.

SEC. 9. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to remove ambiguity from the provisions of the amnesty legislation and to provide relief to certain taxpayers that otherwise would be unreasonably penalized, it is necessary that this act take effect immediately.

SEC. 10. The amendments made by Sections 5 and 7 of this act shall be operative to the same extent as if they were included in the provisions of Chapter 226 of the Statutes of 2004.

CHAPTER 399

An act to amend Sections 48800 and 76001 of the Education Code, relating to public schools.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 48800 of the Education Code is amended to read:

48800. (a) The governing board of a school district may determine which pupils would benefit from advanced scholastic or vocational work. The intent of this section is to provide educational enrichment opportunities for a limited number of eligible pupils, rather than to reduce

current course requirements of elementary and secondary schools, and also to help ensure a smoother transition from high school to college for pupils by providing them with greater exposure to the collegiate atmosphere. The governing board may authorize those pupils, upon recommendation of the principal of the pupil's school of attendance, and with parental consent, to attend a community college during any session or term as special part-time or full-time students and to undertake one or more courses of instruction offered at the community college level.

(b) If the governing board denies a request for a special part-time or full-time enrollment at a community college for any session or term for a pupil who is identified as highly gifted, the board shall issue its written recommendation and the reasons for the denial within 60 days. The written recommendation and denial shall be issued at the next regularly scheduled board meeting that falls at least 30 days after the request has been submitted.

(c) The students shall receive credit for community college courses that they complete at the level determined appropriate by the school district and community college district governing boards.

(d) (1) The principal of a school may recommend a pupil for community college summer session only if that pupil meets all of the following criteria:

(A) Demonstrates adequate preparation in the discipline to be studied.

(B) Exhausts all opportunities to enroll in an equivalent course, if any, at his or her school of attendance.

(2) For any particular grade level, a principal may not recommend for community college summer session attendance more than 5 percent of the total number of pupils who completed that grade immediately prior to the time of recommendation.

(3) A pupil recommended by his or her principal for enrollment in a college-level advanced scholastic summer session course or in a vocational community college summer session course shall not be included in determining the 5 percent of pupils recommended if if all of the following criteria are met:

(A) The course is offered by a middle college high school or an early college high school, as defined by paragraph (4).

(B) The high school principal who makes the recommendation provides data to the Chancellor of the California Community Colleges at the request of that office for purposes of preparing the annual report pursuant to paragraph (5).

(C) The course meets one of the following criteria:

(i) It is a for credit, lower division, college-level course that is designated as part of the Intersegmental General Education Transfer

Curriculum or applies toward the general education breadth requirements of the California State University.

(ii) The course is a for credit, college-level, occupational course assigned a Priority code of "A," "B," or "C," pursuant to the Student Accountability Model, as defined by the Chancellor of the California Community Colleges and reported in the management information system, and the course is part of a sequence of vocational or career technical education courses leading to a degree or certificate in the subject area covered by the sequence.

(4) For purposes of this section, a "middle college high school" or an "early college high school" means a high school that meets all of the following criteria:

(A) The school has an enrollment of 400 or fewer pupils, and is recognized by the department and by the Chancellor of the California Community Colleges as a district school that has been assigned a County-District-School code by the department.

(B) The school's program is sponsored by a legally binding memorandum of understanding or similar formal agreement between a sponsoring local educational agency and a community college district that establishes cogovernance and resource allocation policies and procedures for the cosponsored school.

(C) The school serves cohorts of pupils in a coherent high school and community college program of study that includes, as a clearly identified outcome for each pupil, a high school diploma and achievement of, or preparation for, completion of an associate degree, eligibility for transfer to a four-year college or university, or completion of a community college certificate program in a vocational, technical, or business occupation.

(5) On or before January 1, 2007, and on or before January 1 of each year thereafter, the Chancellor of the California Community Colleges shall report to the Department of Finance the number of pupils recommended pursuant to paragraph (3) who enroll in community college summer session courses.

(6) The Board of Governors of the California Community Colleges may not include enrollment growth attributable to paragraph (3) as part of its annual budget request for the California Community Colleges.

(7) Notwithstanding Article 3 (commencing with Section 33050) of Chapter 1 of Part 20, compliance with this subdivision may not be waived.

(e) Paragraphs (3), (4), (5), and (6) of subdivision (d) shall become inoperative on January 1, 2011.

SEC. 2. Section 76001 of the Education Code is amended to read:

76001. (a) The governing board of a community college district may admit to any community college under its jurisdiction as a special

part-time or full-time student in any session or term any student who is eligible to attend community college pursuant to Section 48800 or 48800.5.

(b) If the governing board denies a request for a special part-time or full-time enrollment at a community college for a pupil who is identified as highly gifted, the board shall record its findings and the reasons for denial of the request in writing within 60 days. The written recommendation and denial shall be issued at the next regularly scheduled board meeting that falls at least 30 days after the request has been submitted.

(c) The attendance of a pupil at a community college as a special part-time or full-time student pursuant to this section is authorized attendance, for which the community college shall be credited or reimbursed pursuant to Sections 48802 and 76002. Credit for courses completed shall be at the level determined to be appropriate by the school district and community college district governing boards.

(d) For purposes of this section, a special part-time student may enroll in up to, and including, 11 units per semester, or the equivalent thereof, at the community college.

(e) The governing board of a community college district shall assign a low enrollment priority to special part-time or full-time students described in subdivision (a) in order to ensure that these students do not displace regularly admitted students.

CHAPTER 400

An act to amend Section 34501.12 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 34501.12 of the Vehicle Code is amended to read:

34501.12. (a) Notwithstanding Section 408, as used in this section and Sections 34505.5 and 34505.6, "motor carrier" means the registered owner of any vehicle described in subdivision (a), (b), (e), (f), or (g) of Section 34500, except in the following circumstances:

(1) The registered owner leases the vehicle to another person for a term of more than four months. If the lease is for more than four months, the lessee is the motor carrier.

(2) The registered owner operates the vehicle exclusively under the authority and direction of another person. If the operation is exclusively under the authority and direction of another person, that other person may assume the responsibilities as the motor carrier. If not so assumed, the registered owner is the motor carrier. A person who assumes the motor carrier responsibilities of another pursuant to subdivision (b) shall provide to that other person whose motor carrier responsibility is so assumed, a completed copy of a departmental form documenting that assumption, stating the period for which responsibility is assumed, and signed by an agent of the assuming person. A legible copy shall be carried in each vehicle or combination of vehicles operated on the highway during the period for which responsibility is assumed. That copy shall be presented upon request by any authorized employee of the department. The original completed departmental form documenting the assumption shall be provided to the department within 30 days of the assumption. If the assumption of responsibility is terminated, the person who had assumed responsibility shall so notify the department in writing within 30 days of the termination.

(b) (1) A motor carrier may combine two or more terminals that are not subject to an unsatisfactory compliance rating within the last 36 months for purposes of the inspection required by subdivision (d) subject to all of the following conditions:

(A) The carrier identifies to the department, in writing, each terminal proposed to be included in the combination of terminals for purposes of this subdivision prior to an inspection of the designated terminal pursuant to subdivision (d).

(B) The carrier provides the department, prior to the inspection of the designated terminal pursuant to subdivision (d), a written listing of all its vehicles of a type subject to subdivision (a), (b), (e), (f), or (g) of Section 34500 that are based at each of the terminals combined for purposes of this subdivision. The listing shall specify the number of vehicles of each type at each terminal.

(C) The carrier provides to the department at the designated terminal during the inspection all maintenance records and driver records and a representative sample of vehicles based at each of the terminals included within the combination of terminals.

(2) If the carrier fails to provide the maintenance records, driver records, and representative sample of vehicles pursuant to subparagraph (C) of paragraph (1), the department shall assign the carrier an

unsatisfactory terminal rating and require a reinspection to be conducted pursuant to subdivision (h).

(3) For purposes of this subdivision, the following terms have the meanings given:

(A) "Driver records" includes pull notice system records, driver proficiency records, and driver timekeeping records.

(B) "Maintenance records" includes all required maintenance, lubrication, and repair records and drivers' daily vehicle condition reports.

(C) "Representative sample" means the following, applied separately to the carrier's fleet of motortrucks and truck tractors and its fleet of trailers:

Fleet Size	Representative Sample
1 or 2	All
3 to 8	3
9 to 15	4
16 to 25	6
26 to 50	9
51 to 90	14
91 or more	20

(c) Each motor carrier who, in this state, directs the operation of, or maintains, any vehicle of a type described in subdivision (a) shall designate one or more terminals, as defined in Section 34515, in this state where vehicles can be inspected by the department pursuant to paragraph (4) of subdivision (a) of Section 34501 and where vehicle inspection and maintenance records and driver records will be made available for inspection.

(d) (1) The department shall inspect, at least every 25 months, every terminal, as defined in Section 34515, of any motor carrier who, at any time, operates any vehicle described in subdivision (a).

(2) The department shall place an inspection priority on those terminals operating vehicles listed in subdivision (g) of Section 34500.

(3) As used in this section and in Sections 34505.5 and 34505.6, subdivision (f) of Section 34500 includes only those combinations where the gross vehicle weight rating (GVWR) of the towing vehicle exceeds 10,000 pounds, but does not include a pickup truck, and subdivision (g) of Section 34500 includes only those vehicles transporting hazardous material for which the display of placards is required pursuant to Section 27903, a license is required pursuant to Section 32000.5, or for which hazardous waste transporter registration is required pursuant to Section

25163 of the Health and Safety Code. Historical vehicles, as described in Section 5004, vehicles that display special identification plates in accordance with Section 5011, implements of husbandry and farm vehicles, as defined in Chapter 1 (commencing with Section 36000) of Division 16, and vehicles owned or operated by an agency of the federal government are not subject to this section or to Sections 34505.5 and 34505.6.

(e) (1) It is the responsibility of the motor carrier to schedule with the department the inspection required by subdivision (d). The motor carrier shall submit an application form supplied by the department, accompanied by the required fee. The initial fee, which is nonrefundable, for a carrier that initially enrolls into the program, is six hundred fifty dollars ($650) per terminal. The initial fee is four hundred dollars ($400) for a motor carrier that owns, leases, or otherwise operates not more than one heavy power unit and not more than three towed vehicles subject to this section. The renewal fee, which is nonrefundable, is four hundred dollars ($400) per terminal, except in the case of a motor carrier who owns, leases, or otherwise operates not more than one heavy power unit and not more than three towed vehicles subject to this section, for which the fee shall be one hundred dollars ($100). Federal, state, and local public entities are exempt from the fee requirements of this section.

(2) Except as provided in paragraph (4), the inspection term for each inspected terminal of a motor carrier shall expire 25 months from the date the terminal receives a satisfactory compliance rating, as specified in subdivision (h). Applications and fees for subsequent inspections shall be submitted not earlier than nine months and not later than seven months before the expiration of the motor carrier's then current inspection term. If the motor carrier has submitted the inspection application and the required accompanying fees, but the department is unable to complete the inspection within the 25-month inspection period, then no additional fee shall be required for the inspection requested in the original application.

(3) All fees collected pursuant to this subdivision shall be deposited in the Motor Vehicle Account in the State Transportation Fund. An amount equal to the fees collected shall be available for appropriation by the Legislature from the Motor Vehicle Account to the department for the purpose of conducting truck terminal inspections and for the additional roadside safety inspections required by Section 34514.

(4) To avoid the scheduling of a renewal terminal inspection pursuant to this section during a carrier's seasonal peak business periods, the current inspection term of a terminal that has paid all required fees and has been rated satisfactory in its last inspection may be reduced by not more than nine months if a written request is submitted by the carrier to

the department at least four months prior to the desired inspection month, or at the time of payment of renewal inspection fees in compliance with paragraph (2), whichever date is earlier. A motor carrier may request this adjustment of the inspection term during any inspection cycle. A request made pursuant to this paragraph shall not result in a fee proration and does not relieve the carrier from the requirements of paragraph (2).

(f) It is unlawful for a motor carrier to operate a vehicle subject to this section without having submitted an inspection application and the required fees to the department as required by subdivision (e) or (h).

(g) (1) It is unlawful for a motor carrier to operate a vehicle subject to this section after submitting an inspection application to the department, without the inspection described in subdivision (d) having been performed and a safety compliance report having been issued to the motor carrier within the 25-month inspection period or within 60 days immediately preceding the inspection period.

(2) It is unlawful for a motor carrier to contract or subcontract with, or otherwise engage the services of, another motor carrier, subject to this section, unless the contracted motor carrier has complied with this section. A motor carrier shall not contract or subcontract with, or otherwise engage the services of, another motor carrier until the contracted motor carrier provides certification of compliance with this section. This certification shall be completed in writing by the contracted motor carrier. The certification, or a copy thereof, shall be maintained by each involved party for the duration of the contract or the period of service plus two years, and shall be presented for inspection immediately upon the request of an authorized employee of the department.

(h) (1) Any inspected terminal that receives an unsatisfactory compliance rating shall be reinspected within 120 days after the issuance of the unsatisfactory compliance rating.

(2) A terminal's first required reinspection under this subdivision shall be without charge unless one or more of the following is established:

(A) The motor carrier's operation presented an imminent danger to public safety.

(B) The motor carrier was not in compliance with the requirement to enroll all drivers in the pull notice program pursuant to Section 1808.1.

(C) The motor carrier failed to provide all required records and vehicles for a consolidated inspection pursuant to subdivision (b).

(3) If the unsatisfactory rating was assigned for any of the reasons set forth in paragraph (2), the carrier shall submit the required fee as provided in paragraph (4).

(4) Applications for reinspection pursuant to paragraph (3) or for second and subsequent consecutive reinspections under this subdivision shall be accompanied by the fee specified in paragraph (1) of subdivision

(e) and shall be filed within 60 days of issuance of the unsatisfactory compliance rating. The reinspection fee is nonrefundable.

(5) When a motor carrier's Motor Carrier of Property Permit or Public Utilities Commission operating authority is suspended as a result of an unsatisfactory compliance rating, the department shall conduct no reinspection until requested to do so by the Department of Motor Vehicles or the Public Utilities Commission, as appropriate.

(i) It is the intent of the Legislature that the department make its best efforts to inspect terminals within the resources provided. In the interest of the state, the Commissioner of the California Highway Patrol may extend for a period, not to exceed six months, the inspection terms beginning prior to July 1, 1990.

(j) To encourage motor carriers to attain continuous satisfactory compliance ratings, the department may establish and implement an incentive program consisting of the following:

(1) After the second consecutive satisfactory compliance rating assigned to a motor carrier terminal as a result of an inspection conducted pursuant to subdivision (d), and after each consecutive satisfactory compliance rating thereafter, an appropriate certificate, denoting the number of consecutive satisfactory ratings, shall be awarded to the terminal, unless the terminal has received an unsatisfactory compliance rating as a result of any inspection conducted in the interim between the consecutive inspections conducted under subdivision (d), or the motor carrier is rated unsatisfactory by the department following a controlled substances and alcohol testing program inspection. The certificate authorized under this paragraph shall not be awarded for performance in the administrative review authorized under paragraph (2). However, the certificate shall include a reference to any administrative reviews conducted during the period of consecutive satisfactory compliance ratings.

(2) Unless the department's evaluation of the motor carrier's safety record indicates a declining level of compliance, a terminal that has attained two consecutive satisfactory compliance ratings assigned following inspections conducted pursuant to subdivision (d) is eligible for an administrative review in lieu of the next required inspection, unless the terminal has received an unsatisfactory compliance rating as a result of any inspection conducted in the interim between the consecutive inspections conducted under subdivision (d). An administrative review shall consist of all of the following:

(A) A signed request by a terminal management representative requesting the administrative review in lieu of the required inspection containing a promise to continue to maintain a satisfactory level of compliance for the next 25-month inspection term.

(B) A review with a terminal management representative of the carrier's record as contained in the department's files. If a terminal has been authorized a second consecutive administrative review, the review required under this subparagraph is optional, and may be omitted at the carrier's request.

(C) Absent any cogent reasons to the contrary, upon completion of the requirements of subparagraphs (A) and (B), the safety compliance rating assigned during the last required inspection shall be extended for 25 months.

(3) Not more than two administrative reviews may be conducted consecutively. At the completion of the 25-month inspection term following a second administrative review, a terminal inspection shall be conducted pursuant to subdivision (d). If this inspection results in a satisfactory compliance rating, the terminal shall again be eligible for an administrative review in lieu of the next required inspection. If the succession of satisfactory ratings is interrupted by any rating of other than satisfactory, irrespective of the reason for the inspection, the terminal shall again attain two consecutive satisfactory ratings to become eligible for an administrative review.

(4) As a condition for receiving the administrative reviews authorized under this subdivision in lieu of inspections, and in order to ensure that compliance levels remain satisfactory, the motor carrier shall agree to accept random, unannounced inspections by the department.

(k) This section shall be known and may be cited as the Biennial Inspection of Terminals Program or BIT.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 401

An act to amend Sections 110050, 110466, 110485, 111825, and 111855 of, and to add Section 110471 to, the Health and Safety Code, relating to public health.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 110050 of the Health and Safety Code is amended to read:

110050. The Food Safety Fund is hereby created as a special fund in the State Treasury. All moneys collected by the department under subdivision (c) of Section 110466 and Sections 110470, 110471, 110485, and 111130, and under Article 7 (commencing with Section 110810) of Chapter 5 shall be deposited in the fund, for use by the department, upon appropriation by the Legislature, for the purposes of providing funds necessary to carry out and implement the inspection provisions of this part relating to food, licensing, inspection, enforcement, and other provisions of Article 12 (commencing with Section 111070) relating to water, the provisions relating to education and training in the prevention of microbial contamination pursuant to Section 110485, and the registration provisions of Article 7 (commencing with Section 110810) of Chapter 5.

SEC. 2. Section 110466 of the Health and Safety Code is amended to read:

110466. (a) Commencing January 1, 2000, the department shall use the resources provided by the registration fees assessed by this article to inspect new and registered food processing facilities to determine compliance with this part. The department shall target the inspections and adjust their scope, depth, and frequency based on the department's statewide assessment of public health risk potential. In assessing public health risk potential, the department shall consider, at a minimum, the potential and actual health risks associated with processed foods manufactured, packed, or held in this state, and the food safety practices and compliance histories of persons who manufacture, pack, or hold processed foods in this state.

(b) Commencing January 1, 2001, the department, pursuant to this chapter, shall conduct an annual inspection of each registered food processing facility and inspect each new food processing facility prior to issuing a new registration pursuant to Section 110460. This annual inspection requirement may be adjusted or waived based on an assessment of the food processing facility pursuant to subdivision (a).

(c) The department may perform one or more reinspections of each new and registered food processing facility as necessary to prevent repeated or continuing violations of this part and for the purposes of approving the issuance of a new registration. The department shall charge a fee of one hundred dollars ($100) per hour to cover the costs of performing the reinspections of the same food processing facility within any 12-month period.

SEC. 3. Section 110471 is added to the Health and Safety Code, to read:

110471. (a) Commencing January 1, 2006, the department shall make a one-time 15 percent cost-of-living adjustment to the registration fees established in Section 110470.

(b) Commencing January 1, 2006, every person engaged in the manufacture, packing, or holding of processed food in this state that is subject to the requirements of Part 120 or 123 of Title 21 of the Code of Federal Regulations shall pay two hundred fifty dollars ($250) in addition to their annual registration fee paid pursuant to Section 110470.

(c) Revenue received pursuant to this section shall be deposited into the Food Safety Fund created by Section 110050.

(d) Upon appropriation, the additional fee deposited in the Food Safety Fund shall be used by the department to conduct inspections and reviews of those facilities required to have Hazard Analysis Critical Control Point (HACCP) plans or Standard Sanitation Operating Procedures (SSOPs).

SEC. 4. Section 110485 of the Health and Safety Code is amended to read:

110485. (a) Every person who is engaged in the manufacture, packing, or holding of processed food in this state shall pay a food safety fee of one hundred dollars ($100) to the department in addition to any fees paid pursuant to Section 110470.

(b) Revenue received pursuant to this section shall be deposited in the Food Safety Fund created pursuant to Section 110050. A penalty of 10 percent per month shall be added to any food safety fee not paid when due.

(c) Upon appropriation, the food safety fees deposited in the Food Safety Fund shall be used by the department to assist in developing and implementing education and training programs related to food safety. These programs shall be developed in consultation with representatives of the food processing industry. Implementation shall include education and training in the prevention of microbial contamination.

(d) This section does not apply to companies exclusively involved in flour milling, dried bean processing, or in the drying or milling of rice, or to those individual registrants the director determines should not be assessed because substantial economic hardship would result to those registrants. For the purposes of this subdivision, the substantial hardship exemption shall be extended only to registrants whose wholesale gross annual income from the registered business is twenty thousand dollars ($20,000) or less.

(e) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted on or before January 1, 2011, deletes or extends that date.

SEC. 5. Section 111825 of the Health and Safety Code is amended to read:

111825. (a) Any person who violates any provision of this part or any regulation adopted pursuant to this part shall, if convicted, be subject to imprisonment for not more than one year in the county jail or a fine of not more than one thousand dollars ($1,000), or both the imprisonment and fine.

(b) Notwithstanding subdivision (a), any person who violates Section 111865 by removing, selling, or disposing of an embargoed food, drug, device, or cosmetic without the permission of an authorized agent of the department or court shall, if convicted, be subject to imprisonment for not more than one year in the county jail or a fine of not more than ten thousand dollars ($10,000), or both the fine and imprisonment.

(c) If the violation is committed after a previous conviction under this section that has become final, or if the violation is committed with intent to defraud or mislead, or if the person committed a violation of Section 110625 or 111300 that was intentional or that was intended to cause injury, the person shall be subject to imprisonment for not more than one year in the county jail, imprisonment in state prison, or a fine of not more than ten thousand dollars ($10,000), or both the imprisonment and fine.

SEC. 6. Section 111855 of the Health and Safety Code is amended to read:

111855. (a) If any person violates any provision of this part, or any regulation adopted pursuant to this part, the department may assess a civil penalty against that person as provided by this section.

(b) The penalty may be in an amount not to exceed one thousand dollars ($1,000) per day unless the penalty is for a violation of Section 111825, in which case the penalty may be in an amount not to exceed ten thousand dollars ($10,000) per day. Each day a violation continues shall be considered a separate violation.

(c) If, after examination of a possible violation and the facts surrounding that possible violation, the department concludes that a violation has occurred, the department may issue a complaint to the person charged with the violation. The complaint shall allege the acts or failures to act that constitute the basis for the violation and the amount of the penalty. The complaint shall be served by personal service or by certified mail and shall inform the person so served of the right to a hearing.

(d) Any person served with a complaint pursuant to subdivision (c) of this section may, within 20 days after service of the complaint, request a hearing by filing with the department a notice of defense. A notice of defense is deemed to have been filed within the 20-day period if it is postmarked within the 20-day period. If a hearing is requested by the person, it shall be conducted within 90 days after the receipt by the department of the notice of defense. If no notice of defense is filed within 20 days after service of the complaint, the department shall issue an order setting the penalty as proposed in the complaint unless the department and the person have entered into a settlement agreement, in which case the department shall issue an order setting the penalty in the amount specified in the settlement agreement. When the person has not filed a notice of defense or where the department and the person have entered into a settlement agreement, the order shall not be subject to review by any court or agency.

(e) Any hearing required under this section shall be conducted pursuant to the procedures specified in Section 100171, except to the extent they are inconsistent with the specific requirements of this section.

(f) Orders setting civil penalties under this section shall become effective and final upon issuance thereof, and payment shall be made within 30 days of issuance. A copy of the order shall be served by personal service or by certified mail upon the person served with the complaint.

(g) Within 30 days after service of a copy of a decision issued by the director after a hearing, any person so served may file with the superior court a petition for writ of mandate for review of the decision. Any person who fails to file the petition within this 30-day period may not challenge the reasonableness or validity of the decision or order of the director in any judicial proceeding brought to enforce the decision or order or for other remedies. Section 1094.5 of the Code of Civil Procedure shall govern any proceedings conducted pursuant to this subdivision. In all proceedings pursuant to this subdivision, the court shall uphold the decision of the director if the decision is based upon substantial evidence in the whole record. The filing of a petition for writ of mandate shall not stay any corrective action required pursuant to this part or the accrual of any penalties assessed pursuant to this section. This subdivision does not prohibit the court from granting any appropriate relief within its jurisdiction.

(h) The remedies under this section are in addition to, and do not supersede, or limit, any and all other remedies, civil or criminal.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred

because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 402

An act to amend Sections 37252.8, 37253, 41505, 41506, 42239, and 52890 of, and to repeal Sections 41505.5, 42239, 42239.15, and 52891 of, the Education Code, relating to instruction, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 37252.8 of the Education Code is amended to read:

37252.8. (a) The governing board of a school district and a charter school maintaining any of grades 2 to 6, inclusive, may offer programs of direct, systematic, and intensive supplemental instruction to a pupil enrolled in grades 2 to 6, inclusive, who meets either of the following criteria:

(1) The pupil has been identified as having a deficiency in mathematics, reading, or written expression based on the results of a test administered under the Standardized Testing and Reporting Program established pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33.

(2) The pupil has been identified as being at risk of retention pursuant to Section 48070.5.

(b) Supplemental educational services offered pursuant to this section may be offered during the summer, before school, after school, on Saturdays, or during intersession, or in a combination of summer school, before school, after school, Saturday, or intersession instruction. Services shall not be provided during the regular instructional day of the pupil. A minor pupil whose parent or guardian informs the school district that the pupil is unable to attend a Saturday school program for religious reasons, or a pupil 18 years of age or older who states that he or she is unable to attend a Saturday school program for religious reasons, shall be given priority for enrollment in supplemental instruction offered at

a time other than Saturday, over a pupil who is not unable to attend a Saturday school program for religious reasons.

(c) For purposes of this section, a pupil shall be considered to be enrolled in a grade immediately upon completion of the preceding grade. Summer school instruction may also be offered to a pupil who was enrolled in grade 6 during the prior school year.

(d) An intensive remedial program in reading or written expression offered pursuant to this section shall, as needed, include instruction in phoneme awareness, systematic explicit phonics and decoding, word attack skills, spelling and vocabulary, explicit instruction of reading comprehension, writing, and study skills.

(e) A school district or charter school shall seek the active involvement of parents and classroom teachers in the development and implementation of supplemental instructional programs provided pursuant to this section.

(f) It is the intent of the Legislature that a pupil who is at risk of failing to meet state-adopted standards, or who is at risk of retention, be identified as early in the school year, and as early in his or her school careers as possible and be provided the opportunity for supplemental instruction sufficient to assist him or her in attaining expected levels of academic achievement.

(g) (1) A school district or charter school that offers instruction pursuant to this section shall be entitled to receive reimbursement in an amount up to 5 percent of the total enrollment of the school district or charter school in grades 2 to 6, inclusive, for the prior fiscal year multiplied by 120 hours, multiplied by the hourly rate for the current fiscal year determined pursuant to subdivision (b) of Section 42239.

(2) The balance of the appropriation made for the purposes of funding programs offered pursuant to this section to serve pupils in grades 2 to 6, inclusive, shall be allocated for reimbursement of pupil attendance in instruction pursuant to subdivision (a) that is in excess of 5 percent, but not in excess of 7 percent, of the enrollment of the school district or charter school for the prior year in grades 2 to 6, inclusive, multiplied by 120 hours, multiplied by the hourly rate for the current fiscal year determined pursuant to subdivision (b) of Section 42239.

(h) Notwithstanding any other provision of law, neither the State Board of Education nor the Superintendent may waive any provision of this section.

SEC. 2. Section 37253 of the Education Code is amended to read:

37253. (a) The governing board of any school district and a charter school may offer supplemental instructional programs in mathematics, science, or other core academic areas designated by the Superintendent of Public Instruction.

(b) The Superintendent of Public Instruction shall adopt rules and regulations necessary to implement this section, including, but not limited to, the designation of academic areas other than mathematics and science as core academic areas.

(c) (1) The maximum entitlement of a school district or charter school for reimbursement for pupil hours of attendance in supplemental instructional programs offered pursuant to this section shall be an amount equal to 5 percent of the total enrollment of the school district or charter school for the prior fiscal year multiplied by 120 hours, multiplied by the hourly rate for the current fiscal year, as determined pursuant to paragraph (2).

(2) Pupil hours of attendance in supplemental instructional programs offered pursuant to this section shall be reimbursed at a rate of three dollars and fifty-three cents ($3.53) per pupil hour, adjusted in the 2005–06 fiscal year and subsequent fiscal years as specified in this paragraph, provided that a different reimbursement rate may be specified for each fiscal year in the annual Budget Act that appropriates funding for that fiscal year. This amount shall be increased annually by the percentage increase pursuant to subdivision (b) of Section 42238.1 granted to school districts or charter schools for base revenue limit cost-of-living increases.

(d) To the extent appropriated funding allows, a school district or charter school may enroll more than 5 percent of its pupils, or may enroll pupils for more than 120 hours per year, in supplemental instructional programs offered pursuant to this section, if the total state apportionment to the district or charter school for these programs does not exceed an amount computed equal to 10 percent of the total enrollment of the school district or charter school for the prior fiscal year multiplied by 120 hours, multiplied by the hourly rate for the current fiscal year, as determined pursuant to paragraph (2) of subdivision (c).

(e) Instructional programs may be offered pursuant to this section during the summer, before school, after school, on Saturday, or during intersession, or in any combination of summer, before school, after school, Saturday, or intersession instruction, but shall be in addition to the regular schoolday. Any minor pupil whose parent or guardian informs the school district that the pupil is unable to attend a Saturday school program for religious reasons, or any pupil 18 years of age or older who states that he or she is unable to attend a Saturday school program for religious reasons, shall be given priority for enrollment in supplemental instruction offered at a time other than Saturday, over a pupil who is able to attend a Saturday school program.

(f) Notwithstanding any other law, neither the State Board of Education nor the Superintendent of Public Instruction may waive compliance with any provision of this section.

SEC. 3. Section 41505 of the Education Code is amended to read:

41505. (a) There is hereby established the pupil retention block grant. The Superintendent of Public Instruction shall apportion block grant funds to a school district in the same relative statewide proportion that the school district received in the 2003–04 fiscal year for the programs listed in Section 41506, adjusted for changes in program participation by school districts in the 2004–05 fiscal year. For purposes of this subdivision, funding received in the 2003–04 fiscal year shall, because of the circumstances of deferrals and deficits, include funding attributable to the 2003–04 fiscal year regardless of the actual date of its receipt.

(b) A school district may expend funds received pursuant to this article for any purpose authorized by the programs listed in Section 41506 as the statutes governing those programs read on January 1, 2004.

(c) For purposes of this article, "school district" includes a county office of education if county offices of education are eligible to receive funds for the programs that are listed in Section 41506. The block grant of a county office of education shall be based only on those programs for which it was eligible to receive funds in the 2003–04 fiscal year.

SEC. 4. Section 41505.5 of the Education Code is repealed.

SEC. 5. Section 41506 of the Education Code is amended to read:

41506. The pupil retention block grant shall include funding previously apportioned to school districts for purposes of the following programs:

(a) Supplemental instruction as set forth in Article 1 (commencing with Section 53025) of Chapter 16, and Chapter 18 (commencing with Section 53091), of Part 28.

(b) Continuation high schools as set forth in Section 42243.7.

(c) High-Risk Youth Education and Public Safety as set forth in Part 26.95 (commencing with Section 47750).

(d) Tenth grade counseling as set forth in Sections 48431.6 and 48431.7.

(e) Opportunity programs as set forth in Article 1 (commencing with Section 48630) and Article 2.3 (commencing with Section 48643) of Chapter 4 of Part 27. The pupil retention block grant shall not include funding apportioned to county offices of education for opportunity schools and programs administered under Sections 48640 and 48641.

(f) (1) Dropout prevention and recovery as set forth in Article 6 (commencing with Section 52890) and Article 7 (commencing with Section 52900) of Chapter 12 of Part 28, Article 3 (commencing with

Section 54660) and Article 7 (commencing with Section 54720) of Chapter 9 of Part 29, and Chapter 3.5 (commencing with Section 58550) of Part 31. A school district that received funds pursuant to the programs listed in this subdivision in the 2004–05 fiscal year shall utilize funds received pursuant to this article to maintain at least the same number of outreach consultants as described in Section 52890 that were utilized by the school district in the 2004–05 fiscal year.

(2) A school district shall place consultants in schools that have at least 50 percent of pupils eligible for the federal free and reduced price lunch program and that are eligible for funds under Title I of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).

(g) Early intervention for school success as set forth in Article 4.5 (commencing with Section 54685) of Chapter 9 of Part 29.

(h) An at-risk youth program operated by the Los Angeles Unified School District that is funded pursuant to Item 6110-280-0001 of Section 2.0 of the annual Budget Act.

SEC. 6. Section 42239 of the Education Code, as amended by Section 8 of Chapter 871 of the Statutes of 2004, is repealed.

SEC. 7. Section 42239 of the Education Code, as added by Section 9 of Chapter 871 of the Statutes of 2004, is amended to read:

42239. (a) For each fiscal year the Superintendent of Public Instruction shall compute funding for supplemental instruction for each school district or charter school by multiplying the number of pupil hours of supplemental instruction claimed pursuant to Sections 37252 and 37252.2 by the pupil hour allowance specified in subdivision (b) or by a pupil hour allowance specified in the annual Budget Act in lieu of the amount computed in subdivision (b).

(b) Hours of supplemental instruction shall be reimbursed at a rate of three dollars and fifty-three cents ($3.53) per pupil hour, adjusted in the 2005–06 fiscal year and subsequent fiscal years as specified in this section, provided that a different reimbursement rate may be specified for each fiscal year in the annual Budget Act that appropriates funding for that fiscal year. This amount shall be increased annually by the percentage increase pursuant to subdivision (b) of Section 42238.1 granted to school districts or charter schools for base revenue limit cost-of-living increases.

(c) (1) If appropriated funding is insufficient to pay all claims made in any fiscal year pursuant to Sections 37252 and 37252.2, the superintendent shall use any available funding appropriated for the purposes of reimbursing school districts pursuant to Section 37252 or 37252.2.

(2) If appropriated funding is still insufficient to pay all claims made in any fiscal year pursuant to Section 37252 or 37252.2, the

superintendent shall use any available funding appropriated for the purposes of reimbursing school districts for supplemental instruction in the prior fiscal year.

(3) If appropriated funding is still insufficient to pay all claims made in any fiscal year pursuant to Section 37252 or 37252.2, the superintendent shall use any available funding appropriated for the purposes of reimbursing school districts for supplemental instruction in the current fiscal year.

(4) The superintendent shall notify the Director of Finance that there is an insufficiency of funding appropriated for the purposes of Sections 37252 and 37252.2 only after the superintendent has exhausted all available balances of appropriations made for the current or prior fiscal years for the reimbursement of school districts for supplemental instruction.

(d) Notwithstanding any other provision of law, neither the State Board of Education nor the Superintendent of Public Instruction may waive any provision of this section.

SEC. 8. Section 42239.15 of the Education Code is repealed.

SEC. 9. Section 52890 of the Education Code is amended to read:

52890. Each school district and school that submits a school-based motivation and maintenance program plan pursuant to Article 7 (commencing with Section 54720) of Chapter 9 of Part 29, as that article read on January 1, 2004, shall include in the plan a description of the manner in which it will utilize outreach consultants. For purposes of this article, each outreach consultant, at a minimum, shall do all of the following:

(a) Possess a Dropout Prevention Specialist Certificate from a California State University, or enroll in a Dropout Prevention Specialist Certificate program within 90 days of the date of hire, except that outreach consultants employed on or before January 1, 2004, are exempt from this requirement.

(b) Demonstrate knowledge of local alternative educational programs and employ those programs to respond to the differential needs and unique learning styles of pupils.

(c) Demonstrate knowledge of local community agencies and community programs to recruit those agencies and programs to assist in the physical or psychological remediation of pupils.

(d) Utilize local school programs, options, and opportunities to assist pupils in locating, securing, or retaining employment.

(e) Utilize techniques that enhance interpersonal communication, self-understanding, self-disclosure, and depth-level sharing.

(f) Employ appropriate methods to create circumstances necessary so that change is permitted and encouraged in individuals, programs, and institutions.

(g) Be responsible for supervising, instructing, conducting negotiations with, and advising pupils and adults.

SEC. 10. Section 52891 of the Education Code is repealed.

SEC. 11. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to address the special needs of pupils by supporting supplemental instructional programs as soon as possible, it is necessary that this act take effect immediately.

CHAPTER 403

An act to add Chapter 13.7 (commencing with Section 121290) to Part 4 of Division 105 of the Health and Safety Code, relating to HIV.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Chapter 13.7 (commencing with Section 121290) is added to Part 4 of Division 105 of the Health and Safety Code, to read:

CHAPTER 13.7. STATEWIDE AFRICAN-AMERICAN INITIATIVE

121290. (a) There is hereby established the Statewide African-American Initiative to address the disproportionate impact of HIV/AIDS on the health of African-Americans by coordinating prevention and service networks around the state and increasing the capacity of core service providers. For purposes of this chapter, "initiative" means the Statewide African-American Initiative.

(b) The initiative shall have an executive director who shall coordinate the initiative and report to the Office of AIDS through the Statewide African-American HIV/AIDS Steering Committee formally established pursuant to Section 121290.8.

(c) The initiative shall be implemented in the following five designated regions:

(1) Alameda/San Francisco.

(2) Los Angeles.
(3) Sacramento/Central Valley.
(4) San Bernardino/Riverside.
(5) San Diego.

(d) (1) The Office of AIDS shall provide initial administrative support for the core functions of the initiative.

(2) Until January 1, 2008, the initiative shall be housed at the Office of AIDS. By January 1, 2008, the initiative shall establish itself as an independent nonprofit organization for purposes of Section 501(c)(3) of the Internal Revenue Code.

121290.1. The initiative shall sponsor and conduct an annual Summit on African-Americans and HIV. The summit shall be funded solely by private funds. The summit shall do all of the following:

(a) Provide a report on the progress of the initiative.

(b) Offer technical assistance workshops.

(c) Provide an overview of local, regional, and national efforts concerning health disparities relating to African-Americans and HIV.

121290.2. The initiative shall have all of the following responsibilities:

(a) To design and conduct a series of complementary projects to implement policy and planning to address the disproportionate impact of HIV/AIDS on the African-American community, focusing on all of the following categories:

(1) Research.
(2) Policy and advocacy.
(3) Workforce development.
(4) Organizational capacity.
(5) Prevention and treatment information and resources.

(b) To provide integrated leadership in developing, implementing, evaluating, and sustaining HIV-related services and programmatic partnerships between research institutions, community-based organizations, the business community, and public sector agencies.

(c) To improve the efficacy of local service providers through the central coordination of service availability, data, and funding sources through the development of a central coordinating body.

121290.4. The initiative shall employ all of the following strategies to achieve its objectives:

(a) Serve as a community resource for technical assistance and training in the communication and dissemination of information, and for the synthesis, interpretation, and dissemination of HIV/AIDS data and public health information.

(b) Assemble a network of health experts, HIV/AIDS service providers, community-based organizations, and relevant public and

private sector stakeholders who will be accessible through the regional centers, to support the capacity building of community-based programs to eliminate HIV-related health disparities for African-Americans.

(c) Establish the administrative, educational, and communication infrastructure, including personnel, facilities, and technology, to support the activities of the initiative's provider network.

(d) Assess the availability and allocation of scientific, governmental, and private sector resources to reduce the impact of HIV/AIDS on African-Americans.

(e) Evaluate community-focused interventions and demonstration projects to eliminate disparities in the evaluation and treatment of HIV/AIDS, based on information from the work of the initiative and local and regional resources.

(f) Coordinate and disseminate data, including epidemiology, outcome assessment, and informatics, to provider networks addressing health disparities regarding HIV/AIDS.

(g) Facilitate the development of lasting academic and community partnerships that promote healthy lifestyles, prevent disease, and reduce risk factors for HIV/AIDS.

(h) Increase ongoing access to culturally appropriate health care for African-Americans living with HIV/AIDS.

121290.5. (a) The initiative shall establish a central coordinating body to provide administrative, technical, educational, and health information dissemination services to the initiative's network of community-based organizations.

(b) The duties of the central coordinating body shall include, but not be limited to, all of the following:

(1) Helping to provide program administration services, project management, fiscal support, resource allocation, and program evaluation to the initiative.

(2) Assisting in the collection, management, and analysis of primary and secondary data, and providing technical support and training.

(3) Aiding in the synthesis, interpretation, and dissemination of information on HIV and African-Americans.

(c) The objectives of the central coordinating body shall include, but not be limited to, both of the following:

(1) To achieve economies of scale in effort, expertise, and equipment, and thereby build the capacity of the provider network and the Office of AIDS to develop, implement, and evaluate community programs to address HIV/AIDS among African-Americans.

(2) To pool services, expertise, equipment, and facilities to support several interrelated projects and collaborating organizations, thereby leveraging greater resources than those that would be provided separately

to each project and without formal interactions among the Office of AIDS, community-based organizations, and public sector agencies.

121290.7. The Office of AIDS shall appoint an internal advisory committee composed of the office's African-American HIV specialist, a section head from the office, and a designee to supervise the day-to-day activities of the initiative.

121290.8. There is hereby established the Statewide African-American HIV/AIDS Steering Committee. The committee shall be appointed by the Office of AIDS and shall initially consist of the current membership of the informally established Statewide African-American HIV/AIDS Steering Committee, which consists of leadership from service providers, researchers, educators, community-based organizations, and public sector agencies.

121290.9. The requirements of this chapter shall be implemented only after the Department of Finance makes a determination that nonstate funds in an amount sufficient to fully support the activities of the initiative have been deposited with the state. Thereafter, the requirements of this chapter shall be implemented only to the extent that nonstate funds are received for the purposes of this chapter.

CHAPTER 404

An act to amend Sections 42807, 42820, and 42821 of the Public Resources Code, relating to solid waste.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 42807 of the Public Resources Code is amended to read:

42807. "Waste tire" means a tire that is no longer mounted on a vehicle and is no longer suitable for use as a vehicle tire due to wear, damage, or deviation from the manufacturer's original specifications. A waste tire includes a repairable tire, scrap tire, altered waste tire, and a used tire that is not organized for inspection and resale by size in a rack or a stack in accordance with Section 42806.5, but does not include a tire derived product or crumb rubber.

SEC. 2. Section 42820 of the Public Resources Code is amended to read:

42820. (a) The board, in consultation with the Office of Environmental Health Hazard Assessment, shall adopt regulations setting forth the procedures and requirements necessary to obtain a major waste tire facility permit. The regulations adopted pursuant to this subdivision shall not be limited to, but shall include by reference, the regulations adopted by the State Fire Marshal pursuant to subdivision (b).

(b) The State Fire Marshal, in consultation with the board, shall adopt fire prevention regulations for a major waste tire facility.

(c) Regulations adopted pursuant to subdivision (a) shall not require the issuance of a separate permit to a solid waste disposal facility that is permitted pursuant to Chapter 3 (commencing with Section 44001) of Part 4.

SEC. 3. Section 42821 of the Public Resources Code is amended to read:

42821. The regulations for a major waste tire facility permit shall include, but not be limited to, all of the following:

(a) Requirements for submission of a detailed operations plan that contains the following components:

(1) Fire prevention measures consistent with applicable regulations adopted by the State Fire Marshal pursuant to subdivision (b) of Section 42820.

(2) Fencing and other security measures.

(3) Vector control measures.

(4) Limits on the size and height of tire piles.

(5) A closure plan.

(b) Requirements for submission of a detailed plan and implementation schedule for the elimination or substantial reduction of existing tire piles using any of the following methods or techniques:

(1) Polymer treatment.

(2) Rubber reclaiming and crumb rubber production.

(3) Pyrolysis.

(4) Production of supplemental fuels for cement kilns, lumber operations, or other industrial processes.

(5) Tire shredding and transportation to an authorized solid waste landfill.

(6) Energy recovery through incineration of whole or shredded tires in accordance with the terms and conditions of a permit issued by an air pollution control district or air quality management district.

(7) Other applications determined to be appropriate by the board.

(c) Requirements for the submission of evidence of financial assurances secured by the operator of the facility that are adequate to cover damage claims arising out of the operation of the facility and that are adequate to cover the cost of closure if that becomes necessary. The

financial assurance shall be a trust fund, surety bond, letter of credit, insurance, or other equivalent financial arrangement acceptable to the board.

CHAPTER 405

An act to amend Sections 98 and 98.1 of the Labor Code, relating to labor standards.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 98 of the Labor Code is amended to read:

98. (a) The Labor Commissioner shall have the authority to investigate employee complaints. The Labor Commissioner may provide for a hearing in any action to recover wages, penalties, and other demands for compensation properly before the division or the Labor Commissioner including orders of the Industrial Welfare Commission, and shall determine all matters arising under his or her jurisdiction. It shall be within the jurisdiction of the Labor Commissioner to accept and determine claims from holders of payroll checks or payroll drafts returned unpaid because of insufficient funds, if, after a diligent search, the holder is unable to return the dishonored check or draft to the payee and recover the sums paid out. Within 30 days of filing of the complaint, the Labor Commissioner shall notify the parties as to whether a hearing will be held, or whether action will be taken in accordance with Section 98.3, or whether no further action will be taken on the complaint. If the determination is made by the Labor Commissioner to hold a hearing, the hearing shall be held within 90 days of the date of that determination. However, the Labor Commissioner may postpone or grant additional time before setting a hearing if the Labor Commissioner finds that it would lead to an equitable and just resolution of the dispute.

It is the intent of the Legislature that hearings held pursuant to this section be conducted in an informal setting preserving the right of the parties.

(b) When a hearing is set, a copy of the complaint, which shall include the amount of compensation requested, together with a notice of time and place of the hearing, shall be served on all parties, personally or by certified mail, or in the manner specified in Section 415.20 of the Code of Civil Procedure.

(c) Within 10 days after service of the notice and the complaint, a defendant may file an answer with the Labor Commissioner in any form as the Labor Commissioner may prescribe, setting forth the particulars in which the complaint is inaccurate or incomplete and the facts upon which the defendant intends to rely.

(d) No pleading other than the complaint and answer of the defendant or defendants shall be required. Both shall be in writing and shall conform to the form and the rules of practice and procedure adopted by the Labor Commissioner.

(e) Evidence on matters not pleaded in the answer shall be allowed only on terms and conditions the Labor Commissioner shall impose. In all these cases, the claimant shall be entitled to a continuance for purposes of review of the new evidence.

(f) If the defendant fails to appear or answer within the time allowed under this chapter, no default shall be taken against him or her, but the Labor Commissioner shall hear the evidence offered and shall issue an order, decision, or award in accordance with the evidence. A defendant failing to appear or answer, or subsequently contending to be aggrieved in any manner by want of notice of the pendency of the proceedings, may apply to the Labor Commissioner for relief in accordance with Section 473 of the Code of Civil Procedure. The Labor Commissioner may afford this relief. No right to relief, including the claim that the findings or award of the Labor Commissioner or judgment entered thereon are void upon their face, shall accrue to the defendant in any court unless prior application is made to the Labor Commissioner in accordance with this chapter.

(g) All hearings conducted pursuant to this chapter are governed by the division and by the rules of practice and procedure adopted by the Labor Commissioner.

(h) Whenever a claim is filed under this chapter against a person operating or doing business under a fictitious business name, as defined in Section 17900 of the Business and Professions Code, which relates to the person's business, the division shall inquire at the time of the hearing whether the name of the person is the legal name under which the business or person has been licensed, registered, incorporated, or otherwise authorized to do business.

The division may amend an order, decision, or award to conform to the legal name of the business or the person who is the defendant to a wage claim, provided it can be shown that proper service was made on the defendant or his or her agent, unless a judgment had been entered on the order, decision, or award pursuant to subdivision (d) of Section 98.2. The Labor Commissioner may apply to the clerk of the superior court to amend a judgment that has been issued pursuant to a final order,

decision, or award to conform to the legal name of the defendant, provided it can be shown that proper service was made on the defendant or his or her agent.

SEC. 1.5. Section 98 of the Labor Code is amended to read:

98. (a) The Labor Commissioner is authorized to investigate employee complaints. The Labor Commissioner may provide for a hearing in any action to recover wages, penalties, and other demands for compensation properly before the division or the Labor Commissioner including orders of the Industrial Welfare Commission, and shall determine all matters arising under his or her jurisdiction. It is within the jurisdiction of the Labor Commissioner to accept and determine claims from holders of payroll checks or payroll drafts returned unpaid because of insufficient funds, if, after a diligent search, the holder is unable to return the dishonored check or draft to the payee and recover the sums paid out. Within 30 days of filing of the complaint, the Labor Commissioner shall notify the parties as to whether a hearing will be held, or whether action will be taken in accordance with Section 98.3, or whether no further action will be taken on the complaint. If the determination is made by the Labor Commissioner to hold a hearing, the hearing shall be held within 90 days of the date of that determination. However, the Labor Commissioner may postpone or grant additional time before setting a hearing if the Labor Commissioner finds that it would lead to an equitable and just resolution of the dispute.

It is the intent of the Legislature that hearings held pursuant to this section be conducted in an informal setting preserving the rights of the parties.

(b) When a hearing is set, a copy of the complaint, which shall include the amount of compensation requested, together with a notice of time and place of the hearing, shall be served on all parties, personally or by certified mail, or in the manner specified in Section 415.20 of the Code of Civil Procedure.

(c) Within 10 days after service of the notice and the complaint, a defendant may file an answer with the Labor Commissioner in any form the Labor Commissioner prescribes, setting forth the particulars in which the complaint is inaccurate or incomplete and the facts upon which the defendant intends to rely.

(d) No pleading other than the complaint and answer of the defendant or defendants shall be required. Both shall be in writing and shall conform to the form and the rules of practice and procedure adopted by the Labor Commissioner.

(e) Evidence on matters not pleaded in the answer shall be allowed only on terms and conditions the Labor Commissioner shall impose. In

all these cases, the claimant shall be entitled to a continuance for purposes of review of the new evidence.

(f) If the defendant fails to appear or answer within the time allowed under this chapter, no default shall be taken against him or her, but the Labor Commissioner shall hear the evidence offered and shall issue an order, decision, or award in accordance with the evidence. A defendant failing to appear or answer, or subsequently contending to be aggrieved in any manner by want of notice of the pendency of the proceedings, may apply to the Labor Commissioner for relief in accordance with Section 473 of the Code of Civil Procedure. The Labor Commissioner may afford this relief. No right to relief, including the claim that the findings or award of the Labor Commissioner or judgment entered thereon is void upon its face, shall accrue to the defendant in any court unless prior application is made to the Labor Commissioner in accordance with this chapter.

(g) All hearings conducted pursuant to this chapter are governed by the division and by the rules of practice and procedure adopted by the Labor Commissioner.

(h) Whenever a claim is filed under this chapter against a person operating or doing business under a fictitious business name, as defined in Section 17900 of the Business and Professions Code, which relates to the person's business, the division shall inquire at the time of the hearing whether the name of the person is the legal name under which the business or person has been licensed, registered, incorporated, or otherwise authorized to do business.

The division may amend an order, decision, or award to conform to the legal name of the business or the person who is the defendant to a wage claim, provided it can be shown that proper service was made on the defendant or his or her agent, unless a judgment had been entered on the order, decision, or award pursuant to subdivision (e) of Section 98.2. The Labor Commissioner may apply to the clerk of the superior court to amend a judgment that has been issued pursuant to a final order, decision, or award to conform to the legal name of the defendant, provided it can be shown that proper service was made on the defendant or his or her agent.

SEC. 2. Section 98.1 of the Labor Code is amended to read:

98.1. (a) Within 15 days after the hearing is concluded, the Labor Commissioner shall file in the office of the division a copy of the order, decision, or award. The order, decision, or award shall include a summary of the hearing and the reasons for the decision. Upon filing of the order, decision, or award, the Labor Commissioner shall serve a copy of the decision personally, by first-class mail, or in the manner specified in Section 415.20 of the Code of Civil Procedure on the parties. The notice

shall also advise the parties of their right to appeal the decision or award and further advise the parties that failure to do so within the period prescribed by this chapter shall result in the decision or award becoming final and enforceable as a judgment by the superior court.

(b) For the purpose of this section, an award shall include any sums found owing, damages proved, and any penalties awarded pursuant to this code.

(c) All awards granted pursuant to a hearing under this chapter shall accrue interest on all due and unpaid wages at the same rate as prescribed by subdivision (b) of Section 3289 of the Civil Code. The interest shall accrue until the wages are paid from the date that the wages were due and payable as provided in Part 1 (commencing with Section 200) of Division 2.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 98 of the Labor Code proposed by both this bill and AB 879. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 98 of the Labor Code, and (3) this bill is enacted after AB 879, in which case Section 1 of this bill shall not become operative.

CHAPTER 406

An act to add Sections 100827 and 100829 to, to repeal Sections 100831 and 100835 of, and to repeal and add Sections 100825, 100830, and 100832 of, the Health and Safety Code, relating to environmental laboratories.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 100825 of the Health and Safety Code is repealed.

SEC. 2. Section 100825 is added to the Health and Safety Code, to read:

100825. (a) This article shall be known, and may be cited, as the Environmental Laboratory Accreditation Act.

(b) Laboratories that perform analyses on any combination of environmental samples, or raw or processed agricultural products for regulatory purposes shall obtain a certificate of accreditation pursuant to this article.

(c) Unless the express language or context requires otherwise, the definitions in this article shall govern the construction of the article.

(1) "Accreditation" means the recognition of a laboratory by the department to conduct analyses of environmental samples for regulatory purposes.

(2) "Assessor body" means the organization that actually executes the accreditation process, including receiving and reviewing applications, documents, PT sample results, and onsite assessments.

(3) "Certificate" means a document issued by the department to a laboratory that has received accreditation pursuant to this article.

(4) "Department" means the State Department of Health Services.

(5) "Environmental samples" means potable and nonpotable surface waters or groundwaters, soils and sediments, hazardous wastes, biological materials, or any other sample designated for regulatory purposes.

(6) "NELAC" means the National Environmental Laboratory Accreditation Conference.

(7) "NELAC standards" refers to the requirements found in EPA publication number 600/R-98/151, November 1998, and any subsequent amendments that are adopted by EPA or the national program.

(8) "NELAP" means the National Environmental Laboratory Accreditation Program established by NELAC.

(9) "NELAP accreditation" means the accreditation of a laboratory that has met the requirements of the NELAC standards, and the requirements of this article.

(10) "NELAP accredited laboratory" means a laboratory that has met the standards of NELAC and has been accredited by a primary or secondary NELAP-recognized accrediting authority.

(11) "NELAP-recognized accrediting authority" means a state agency that is authorized by NELAP to accredit laboratories.

(12) "NELAP-recognized primary accrediting authority" means a state agency that is responsible for the accreditation of environmental laboratories within that state or that performs the primary accreditation of a lab from a non-NELAP state or where the laboratory's home state does not offer accreditation in a given field of accreditation.

(13) "NELAP-recognized secondary accrediting authority" means a state agency that is authorized by NELAP to accredit environmental laboratories within that state that have been accredited by a NELAP-approved accrediting authority in another state.

(14) "Proficiency testing (PT)" is a means of evaluating a laboratory's performance under controlled conditions relative to a given set of criteria through analysis of unknown samples provided by an external source.

(15) "PT sample" means a sample used for proficiency testing.

(16) "Regulatory purposes" means a statutory or regulatory requirement of a state board, office, or department, or of a division or program that requires a laboratory certified under this article or of any other state or federal agency that requires a laboratory to be accredited.

(17) "Revocation" means the permanent loss of a certificate of accreditation, including all units and fields of accreditation for state accreditation and all fields of accreditation for NELAP accreditation.

(18) "State accreditation" means accreditation of a laboratory, that has met the requirements of this article and regulations adopted by the department pursuant to this article.

(19) "Suspension" means the temporary loss of a certificate of accreditation or a unit or field of accreditation.

SEC. 3. Section 100827 is added to the Health and Safety Code, to read:

100827. A laboratory accredited by the department shall report, in a timely fashion and in accordance with the request for analysis, the full and complete results of all detected contaminants and pollutants to the person or entity that submitted the material for testing. The department may adopt regulations to establish reporting requirements for this section.

SEC. 4. Section 100829 is added to the Health and Safety Code, to read:

100829. The department may do all of the following related to accrediting environmental laboratories in the state:

(a) Offer both state accreditation and NELAP accreditation, which shall be considered equivalent for regulatory activities covered by this article.

(b) Adopt regulations to establish the accreditation procedures for both types of accreditation.

(c) Retain exclusive authority to grant NELAP accreditation.

(d) Accept certificates of accreditation from laboratories that have been accredited by other NELAP-recognized accrediting authorities.

(e) Adopt regulations to establish procedures for recognizing the accreditation of laboratories located outside California for activities regulated under this article.

(f) (1) Adopt regulations for the collection of laboratory accreditation fees.

(2) Fees collected under this section shall be adjusted annually as provided in Section 100425. The adjustment shall be rounded to the nearest whole dollar.

(3) Fees shall be set for the two types of accreditation provided for in subdivision (a).

(4) Programs operated under this article shall be fully fee-supported.

SEC. 5. Section 100830 of the Health and Safety Code is repealed.

SEC. 6. Section 100830 is added to the Health and Safety Code, to read:

100830. The department may do all of the following:

(a) Adopt regulations establishing requirements for both types of accreditation. The regulations shall include, but not be limited to, all of the following:

(1) Laboratory personnel.
(2) Quality assurance procedures.
(3) Laboratory equipment.
(4) Facilities.
(5) Standard operating procedures.
(6) Proficiency testing.
(7) Onsite assessments.
(8) Recordkeeping.
(9) Units and fields of accreditation.

(b) Adopt regulations establishing conditions under which the department may issue, deny, renew, or suspend a certificate of accreditation for individual units or fields. Suspension and denial of units or fields of accreditation shall be based on a laboratory's failure to comply with this article and regulations adopted thereunder.

SEC. 7. Section 100831 of the Health and Safety Code is repealed.

SEC. 8. Section 100832 of the Health and Safety Code is repealed.

SEC. 9. Section 100832 is added to the Health and Safety Code, to read:

100832. All regulations adopted by the department pursuant to this article, as they read immediately preceding January 1, 2006, shall remain in full force and effect until repealed or amended by the department 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.

SEC. 10. Section 100835 of the Health and Safety Code is repealed.

CHAPTER 407

An act to amend Sections 24011 and 24300 of, and to add Sections 24304.2 and 27550.2 to, the Government Code, relating to county officers.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 24011 of the Government Code is amended to read:

24011. Notwithstanding the provisions of Section 24009:

(a) The Boards of Supervisors of Glenn County, Madera County, Mendocino County, Napa County, Solano County, Sonoma County, Trinity County, Tuolumne County, and Lake County may, by ordinance, provide that the public administrator shall be appointed by the board.

(b) The Boards of Supervisors of Madera County, Mendocino County, Napa County, Trinity County, Tuolumne County, and Lake County may appoint the same person to the offices of public administrator, veteran service officer, and public guardian. The Boards of Supervisors of Glenn County, Solano County, and Sonoma County may, by ordinance, appoint the same person to the offices of public administrator and public guardian.

(c) The Boards of Supervisors of Glenn County, Madera County, Mendocino County, Napa County, Trinity County, Tuolumne County, and Lake County may separate the consolidated offices of district attorney and public administrator at any time in order to make the appointments permitted by this section. Upon approval by the board of supervisors, the officer elected to these offices at any time may resign, or decline to qualify for, the office of public administrator without resigning from, or declining to qualify for, the office of district attorney.

SEC. 2. Section 24011 of the Government Code is amended to read:

24011. Notwithstanding the provisions of Section 24009:

(a) The Boards of Supervisors of Glenn County, Lassen County, Madera County, Mendocino County, Monterey County, Napa County, Solano County, Sonoma County, Trinity County, Tuolumne County, and Lake County may, by ordinance, provide that the public administrator shall be appointed by the board.

(b) The Boards of Supervisors of Madera County, Mendocino County, Napa County, Trinity County, Tuolumne County, and Lake County may appoint the same person to the offices of public administrator, veteran service officer, and public guardian. The Boards of Supervisors of Glenn County, Lassen County, Monterey County, Solano County, and Sonoma County may, by ordinance, appoint the same person to the offices of public administrator and public guardian.

(c) The Boards of Supervisors of Glenn County, Lassen County, Madera County, Mendocino County, Napa County, Trinity County, Tuolumne County, and Lake County may separate the consolidated offices of district attorney and public administrator at any time in order to make the appointments permitted by this section. Upon approval by the board of supervisors, the officer elected to these offices at any time

may resign, or decline to qualify for, the office of public administrator without resigning from, or declining to qualify for, the office of district attorney.

SEC. 3. Section 24300 of the Government Code is amended to read:

24300. By ordinance the board of supervisors may consolidate the duties of certain of the county offices in one or more of these combinations:

(a) Sheriff and tax collector.

(b) Auditor and recorder.

(c) County clerk, auditor, and recorder.

(d) County clerk and public administrator.

(e) County clerk and recorder.

(f) County clerk and auditor.

(g) Treasurer and tax collector.

(h) Treasurer and recorder.

(i) Treasurer and assessor.

(j) Treasurer and public administrator.

(k) Public administrator and coroner.

(*l*) District attorney and public administrator.

(m) District attorney and coroner.

(n) Sheriff and coroner.

(o) Sheriff and public administrator.

(p) County agricultural commissioner and county sealer of weights and measures.

(q) Road commissioner and surveyor. A county may create an office entitled public works director, combining the duties of road commissioner and surveyor and any other compatible duties not legally required to be performed by another county officer.

(r) County surveyor and director of transportation.

By the ordinance that consolidates the duties of the appointive county offices described in subdivision (p), notwithstanding Section 2122 and Sections 2181 to 2187, inclusive, of the Food and Agricultural Code, and Sections 12200 and 12214 of the Business and Professions Code, the board of supervisors may provide that the first term only of the newly consolidated office expires when the first of the remaining unexpired terms of the two unconsolidated offices would have expired. Where a vacancy in either of the unconsolidated offices exists the term of office of the newly consolidated office shall be the longer of the remaining unexpired terms.

SEC. 4. Section 24304.2 is added to the Government Code, to read:

24304.2. Notwithstanding Section 24300, in Sonoma County and Tulare County, the board of supervisors, by ordinance, may consolidate the duties of the offices of Auditor-Controller and Treasurer-Tax

Collector into the elected office of Auditor-Controller-Treasurer-Tax Collector.

SEC. 5. Section 27550.2 is added to the Government Code, to read:

27550.2. Notwithstanding Section 27550, in Solano County, the county surveyor is not an elected position and may be appointed by the Director of Transportation if the board of supervisors have so provided by ordinance for that appointment. If so appointed, the surveyor shall serve at the will of the director.

SEC. 6. Section 2 of this bill incorporates amendments to Section 24011 of the Government Code proposed by both this bill and Senate Bill 282. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 24011 of the Government Code, and (3) this bill is enacted after Senate Bill 282, in which case Section 1 of this bill shall not become operative.

SEC. 7. Due to the unique circumstances of the Counties of Solano, Sonoma, and Tulare, with respect to the reorganization of their county offices, the Legislature hereby finds and declares that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution. Therefore, the special legislation contained in Sections 1 to 5, inclusive, of this act is necessarily applicable only to the Counties of Solano, Sonoma, and Tulare.

CHAPTER 408

An act to amend Sections 4143 and 4144 of the Public Resources Code, relating to forestry and fire protection.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 4143 of the Public Resources Code is amended to read:

4143. The Legislature hereby finds and declares that the maintenance of the economic well-being of the state and the public health and safety require that the state, through the department, obtain full utilization of all equipment, personnel, and buildings under the jurisdiction of the director. In order to obtain these benefits, the director, in accordance with policy determined by the board, may provide personnel for and operate those fire stations, statewide, as the director deems necessary to

provide the best possible fire prevention and suppression. Personnel or equipment shall not be assigned to any location or assigned pursuant to Section 4144 if that assignment would not meet policy and standards established by the board. The policy and standards shall be designed to ensure all of the following:

(a) The striking force and efficiency of the department in its primary mission of wild land fire protection, as well as response to major fires or other natural disasters will not be reduced or impaired.

(b) The department will not need any additional funds to operate its program.

(c) Personnel and equipment assigned pursuant to Section 4144 will not replicate services provided under an agreement made pursuant to Section 4142.

The normal assignment of fire resources of the department throughout California during periods of critical fire weather conditions or during major wild land fires shall not be impaired and shall receive priority over agreements made with counties pursuant to Section 4144.

SEC. 3. Section 4144 of the Public Resources Code is amended to read:

4144. (a) Notwithstanding Section 4142, the director may, with the approval of the Department of General Services, enter into a cooperative agreement with a city, county, special district, or other political subdivision of the state, or person, firm, association, or corporation for the purpose of preventing and suppressing fires that requests an agreement, under those terms and conditions that the director deems wise.

(b) The director shall not enter into or renew a cooperative agreement pursuant to this section under any of the following circumstances:

(1) With any county that has assumed responsibility pursuant to Section 4129.

(2) If the land to be protected is not in proximity to, nor within lands classified by the board pursuant to Section 4125 as, a state responsibility area. For the purposes of this paragraph, "proximity" means within a distance from an existing facility that results in a response time established by the board that is not longer than that used by the department in meeting its state wild land fire protection mission.

(3) The director determines that the agreement would significantly reduce existing fire prevention and suppression service levels.

(4) The director determines, pursuant to the policy and standards adopted by the board under Section 4143, that the agreement would replicate services provided under an agreement made pursuant to Section 4142.

(5) The director determines that the service area of a particular station under the agreement is more appropriately served under an agreement made pursuant to Section 4142.

(c) The cooperative agreement shall provide all of the following:

(1) The department shall ensure that a staffing level, mutually agreeable to the parties to the agreement, is maintained on all fire prevention and suppression vehicles.

(2) The personnel, equipment, and buildings utilized shall be limited to those used to protect state responsibility areas. Whenever the cooperative agreement provides for the employment of personnel during the "nonfire season" who would be in addition to the personnel required for the necessary operation and maintenance of equipment and buildings under the jurisdiction of the director, the full salaries and all benefits of the additional personnel shall be apportioned, as costs to the city, county, special district, or other political subdivision of the state, or person, firm, association, or corporation that contracts with the department pursuant to the cooperative agreement for fire protection.

(3) A cost apportionment between the state and the city, county, special district, or other political subdivision of the state, or person, firm, association, or corporation that contracts with the state for fire protection that reasonably reflects cost apportionments made pursuant to Section 4141 or 4142, except that the contracting city, county, special district, other political subdivision of the state, or contracting person, firm, association, or corporation shall be apportioned the additional cost for extended staff availability for 24-hour emergency response, for state personnel assigned to staff fire engines at a rate determined annually by the director, plus staff benefit costs attributable to the apportionment, and total unplanned overtime pay. The department shall recover its actual additional costs.

CHAPTER 409

An act to amend Section 33334.2 of, and to amend and repeal Section 33413 of, the Health and Safety Code, relating to housing.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 33334.2 of the Health and Safety Code is amended to read:

33334.2. (a) Not less than 20 percent of all taxes that are allocated to the agency pursuant to Section 33670 shall be used by the agency for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost, as defined by Section 50052.5, to persons and families of low or moderate income, as defined in Section 50093, lower income households, as defined by Section 50079.5, very low income households, as defined in Section 50105, and extremely low income households, as defined by Section 50106, that is occupied by these persons and families, unless one of the following findings is made annually by resolution:

(1) (A) That no need exists in the community to improve, increase, or preserve the supply of low- and moderate-income housing, including housing for very low income households in a manner that would benefit the project area and that this finding is consistent with the housing element of the community's general plan required by Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code, including its share of the regional housing needs of very low income households and persons and families of low or moderate income.

(B) This finding shall only be made if the housing element of the community's general plan demonstrates that the community does not have a need to improve, increase, or preserve the supply of low- and moderate-income housing available at affordable housing cost to persons and families of low or moderate income and to very low income households. This finding shall only be made if it is consistent with the planning agency's annual report to the legislative body on implementation of the housing element required by subdivision (b) of Section 65400 of the Government Code. No agency of a charter city shall make this finding unless the planning agency submits the report pursuant to subdivision (b) of Section 65400 of the Government Code. This finding shall not take effect until the agency has complied with subdivision (b) of this section.

(2) (A) That some stated percentage less than 20 percent of the taxes that are allocated to the agency pursuant to Section 33670 is sufficient to meet the housing needs of the community, including its share of the regional housing needs of persons and families of low- or moderate-income and very low income households, and that this finding is consistent with the housing element of the community's general plan required by Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(B) This finding shall only be made if the housing element of the community's general plan demonstrates that a percentage of less than 20 percent will be sufficient to meet the community's need to improve,

increase, or preserve the supply of low- and moderate-income housing available at affordable housing cost to persons and families of low or moderate income and to very low income households. This finding shall only be made if it is consistent with the planning agency's annual report to the legislative body on implementation of the housing element required by subdivision (b) of Section 65400 of the Government Code. No agency of a charter city shall make this finding unless the planning agency submits the report pursuant to subdivision (b) of Section 65400 of the Government Code. This finding shall not take effect until the agency has complied with subdivision (b) of this section.

(C) For purposes of making the findings specified in this paragraph and paragraph (1), the housing element of the general plan of a city, county, or city and county shall be current, and shall have been determined by the department pursuant to Section 65585 to be in substantial compliance with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(3) (A) That the community is making a substantial effort to meet its existing and projected housing needs, including its share of the regional housing needs, with respect to persons and families of low and moderate income, particularly very low income households, as identified in the housing element of the community's general plan required by Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code, and that this effort, consisting of direct financial contributions of local funds used to increase and improve the supply of housing affordable to, and occupied by, persons and families of low or moderate income and very low income households is equivalent in impact to the funds otherwise required to be set aside pursuant to this section. In addition to any other local funds, these direct financial contributions may include federal or state grants paid directly to a community and which the community has the discretion of using for the purposes for which moneys in the Low and Moderate Income Housing Fund may be used. The legislative body shall consider the need that can be reasonably foreseen because of displacement of persons and families of low or moderate income or very low income households from within, or adjacent to, the project area, because of increased employment opportunities, or because of any other direct or indirect result of implementation of the redevelopment plan. No finding under this subdivision may be made until the community has provided or ensured the availability of replacement dwelling units as defined in Section 33411.2 and until it has complied with Article 9 (commencing with Section 33410).

(B) In making the determination that other financial contributions are equivalent in impact pursuant to this subdivision, the agency shall include

only those financial contributions that are directly related to programs or activities authorized under subdivision (e).

(C) The authority for making the finding specified in this paragraph shall expire on June 30, 1993, except that the expiration shall not be deemed to impair contractual obligations to bondholders or private entities incurred prior to May 1, 1991, and made in reliance on the provisions of this paragraph. Agencies that make this finding after June 30, 1993, shall show evidence that the agency entered into the specific contractual obligation with the specific intention of making a finding under this paragraph in order to provide sufficient revenues to pay off the indebtedness.

(b) Within 10 days following the making of a finding under either paragraph (1) or (2) of subdivision (a), the agency shall send the Department of Housing and Community Development a copy of the finding, including the factual information supporting the finding and other factual information in the housing element that demonstrates that either (1) the community does not need to increase, improve, or preserve the supply of housing for low- and moderate-income households, including very low income households, or (2) a percentage less than 20 percent will be sufficient to meet the community's need to improve, increase, and preserve the supply of housing for low- and moderate-income households, including very low income households. Within 10 days following the making of a finding under paragraph (3) of subdivision (a), the agency shall send the Department of Housing and Community Development a copy of the finding, including the factual information supporting the finding that the community is making a substantial effort to meet its existing and projected housing needs. Agencies that make this finding after June 30, 1993, shall also submit evidence to the department of its contractual obligations with bondholders or private entities incurred prior to May 1, 1991, and made in reliance on this finding.

(c) In any litigation to challenge or attack a finding made under paragraph (1), (2), or (3) of subdivision (a), the burden shall be upon the agency to establish that the finding is supported by substantial evidence in light of the entire record before the agency. If an agency is determined by a court to have knowingly misrepresented any material facts regarding the community's share of its regional housing need for low- and moderate-income housing, including very low income households, or the community's production record in meeting its share of the regional housing need pursuant to the report required by subdivision (b) of Section 65400 of the Government Code, the agency shall be liable for all court costs and plaintiff's attorney's fees, and shall be required to allocate not

less than 25 percent of the agency's tax increment revenues to its Low and Moderate Income Housing Fund in each year thereafter.

(d) Nothing in this section shall be construed as relieving any other public entity or entity with the power of eminent domain of any legal obligations for replacement or relocation housing arising out of its activities.

(e) In carrying out the purposes of this section, the agency may exercise any or all of its powers for the construction, rehabilitation, or preservation of affordable housing for extremely low, very low, low- and moderate-income persons or families, including the following:

(1) Acquire real property or building sites subject to Section 33334.16.

(2) Improve real property or building sites with onsite or offsite improvements, but only if both (A) the improvements are part of the new construction or rehabilitation of affordable housing units for low- or moderate-income persons that are directly benefited by the improvements, and are a reasonable and fundamental component of the housing units, and (B) the agency requires that the units remain available at affordable housing cost to, and occupied by, persons and families of extremely low, very low, low, or moderate income for the same time period and in the same manner as provided in subdivision (c) and paragraph (2) of subdivision (f) of Section 33334.3.

If the newly constructed or rehabilitated housing units are part of a larger project and the agency improves or pays for onsite or offsite improvements pursuant to the authority in this subdivision, the agency shall pay only a portion of the total cost of the onsite or offsite improvement. The maximum percentage of the total cost of the improvement paid for by the agency shall be determined by dividing the number of housing units that are affordable to low- or moderate-income persons by the total number of housing units, if the project is a housing project, or by dividing the cost of the affordable housing units by the total cost of the project, if the project is not a housing project.

(3) Donate real property to private or public persons or entities.

(4) Finance insurance premiums pursuant to Section 33136.

(5) Construct buildings or structures.

(6) Acquire buildings or structures.

(7) Rehabilitate buildings or structures.

(8) Provide subsidies to, or for the benefit of, extremely low income households, as defined by Section 50106, very low income households, as defined by Section 50105, lower income households, as defined by Section 50079.5, or persons and families of low or moderate income, as defined by Section 50093, to the extent those households cannot obtain housing at affordable costs on the open market. Housing units available

on the open market are those units developed without direct government subsidies.

(9) Develop plans, pay principal and interest on bonds, loans, advances, or other indebtedness, or pay financing or carrying charges.

(10) Maintain the community's supply of mobilehomes.

(11) Preserve the availability to lower income households of affordable housing units in housing developments that are assisted or subsidized by public entities and that are threatened with imminent conversion to market rates.

(f) The agency may use these funds to meet, in whole or in part, the replacement housing provisions in Section 33413. However, nothing in this section shall be construed as limiting in any way the requirements of that section.

(g) (1) The agency may use these funds inside or outside the project area. The agency may only use these funds outside the project area upon a resolution of the agency and the legislative body that the use will be of benefit to the project. The determination by the agency and the legislative body shall be final and conclusive as to the issue of benefit to the project area. The Legislature finds and declares that the provision of replacement housing pursuant to Section 33413 is always of benefit to a project. Unless the legislative body finds, before the redevelopment plan is adopted, that the provision of low- and moderate-income housing outside the project area will be of benefit to the project, the project area shall include property suitable for low- and moderate-income housing.

(2) (A) The Contra Costa County Redevelopment Agency may use these funds anywhere within the unincorporated territory, or within the incorporated limits of the City of Walnut Creek on sites contiguous to the Pleasant Hill BART Station Area Redevelopment Project area. The agency may only use these funds outside the project area upon a resolution of the agency and board of supervisors determining that the use will be of benefit to the project area. In addition, the agency may use these funds within the incorporated limits of the City of Walnut Creek only if the agency and the board of supervisors find all of the following:

(i) Both the County of Contra Costa and the City of Walnut Creek have adopted and are implementing complete and current housing elements of their general plans that the Department of Housing and Community Development has determined to be in 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.

(ii) The development to be funded shall not result in any residential displacement from the site where the development is to be built.

(iii) The development to be funded shall not be constructed in an area that currently has more than 50 percent of its population comprised of racial minorities or low-income families.

(iv) The development to be funded shall allow construction of affordable housing closer to a rapid transit station than could be constructed in the unincorporated territory outside the Pleasant Hill BART Station Area Redevelopment Project.

(B) If the agency uses these funds within the incorporated limits of the City of Walnut Creek, all of the following requirements shall apply:

(i) The funds shall be used only for the acquisition of land for, and the design and construction of, the development of housing containing units affordable to, and occupied by, low- and moderate-income persons.

(ii) If less than all the units in the development are affordable to, and occupied by, low- or moderate-income persons, any agency assistance shall not exceed the amount needed to make the housing affordable to, and occupied by, low- or moderate-income persons.

(iii) The units in the development that are affordable to, and occupied by, low- or moderate-income persons shall remain affordable for a period of at least 55 years.

(iv) The agency and the City of Walnut Creek shall determine, if applicable, whether Article XXXIV of the California Constitution permits the development.

(h) The Legislature finds and declares that expenditures or obligations incurred by the agency pursuant to this section shall constitute an indebtedness of the project.

(i) The requirements of this section shall only apply to taxes allocated to a redevelopment agency for which a final redevelopment plan is adopted on or after January 1, 1977, or for any area that is added to a project by an amendment to a redevelopment plan, which amendment is adopted on or after the effective date of this section. An agency may, by resolution, elect to make all or part of the requirements of this section applicable to any redevelopment project for which a redevelopment plan was adopted prior to January 1, 1977, subject to any indebtedness incurred prior to the election.

(j) (1) (A) An action to compel compliance with the requirement of Section 33334.3 to deposit not less than 20 percent of all taxes that are allocated to the agency pursuant to Section 33670 in a Low and Moderate Income Housing Fund shall be commenced within 10 years of the alleged violation. A cause of action for a violation accrues on the last day of the fiscal year in which the funds were required to be deposited in the Low and Moderate Income Housing Fund.

(B) An action to compel compliance with the requirement of this section or Section 33334.6 that money deposited in the Low and

Moderate Income Housing Fund be used by the agency for purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost shall be commenced within 10 years of the alleged violation. A cause of action for a violation accrues on the date of the actual expenditure of the funds.

(C) An agency found to have deposited less into the Low and Moderate Income Housing Fund than mandated by Section 33334.3 or to have spent money from the Low and Moderate Income Housing Fund for purposes other than increasing, improving, and preserving the community's supply of low- and moderate-income housing, as mandated, by this section or Section 33334.6 shall repay the funds with interest in one lump sum pursuant to Section 970.4 or 970.5 of the Government Code or may do either of the following:

(i) Petition the court under Section 970.6 for repayment in installments.

(ii) Repay the portion of the judgment due to the Low and Moderate Income Housing Fund in equal installments over a period of five years following the judgment.

(2) Repayment shall not be made from the funds required to be set aside or used for low- and moderate-income housing pursuant to this section.

(3) Notwithstanding clauses (i) and (ii) of subparagraph (C) of paragraph (1), all costs, including reasonable attorney fees if included in the judgment, are due and shall be paid upon entry of judgment or order.

(4) Except as otherwise provided in this subdivision, Chapter 2 (commencing with Section 970) of Part 5 of Division 3.6 of Title 1 of the Government Code for the enforcement of a judgment against a local public entity applies to a judgment against a local public entity that violates this section.

(5) This subdivision applies to actions filed on and after January 1, 2006.

(6) The limitations period specified in subparagraphs (A) and (B) of paragraph (1) does not apply to a cause of action brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

SEC. 2. Section 33413 of the Health and Safety Code, as amended by Section 15 of Chapter 782 of the Statutes of 2002, is amended to read:

33413. (a) Whenever dwelling units housing 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 agency or where financial assistance has been provided by the agency, the agency 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 territorial jurisdiction of the agency. When dwelling units are destroyed or removed after September 1, 1989, 75 percent of the replacement dwelling units shall replace dwelling units available at affordable housing cost in the same or a lower income level of very low income households, lower income households, and persons and families of low and moderate income, as the persons displaced from those destroyed or removed units. When dwelling units are destroyed or removed on or after January 1, 2002, 100 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 effectiveness of the redevelopment plan established pursuant to Sections 33333.2, 33333.6, and 33333.10 at least 30 percent of all new and substantially rehabilitated dwelling units developed by an agency shall be available at affordable housing cost to, and occupied by, persons and families of low or moderate income. Not less than 50 percent of the dwelling units required to be available at affordable housing cost to, and occupied by, 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 effectiveness of the redevelopment plan established pursuant to Sections 33333.2, 33333.6, and 33333.10 at least 15 percent of all new and substantially rehabilitated dwelling units developed within a project area under the jurisdiction of an agency by public or private entities or persons other than the agency shall be available at affordable housing cost to, and occupied by, persons and families of low or moderate income. Not less than 40 percent of the dwelling units required to be available at affordable housing cost to, and occupied by, persons and families of low or moderate income shall be available at affordable housing cost to, and occupied by, very low income households.

(ii) To satisfy this paragraph, in whole or in part, the agency may cause, by regulation or agreement, to be available, at affordable housing cost, to, and occupied by, persons and families of low or moderate income or to very low income households, as applicable, two units outside a project area for each unit that otherwise would have been required to be available inside a project area.

(iii) On or after January 1, 2002, as used in this paragraph and in paragraph (1), "substantially rehabilitated dwelling units" means all units substantially rehabilitated, with agency assistance. Prior to January 1, 2002, "substantially rehabilitated dwelling units" shall mean substantially rehabilitated multifamily rented dwelling units with three or more units regardless of whether there is agency assistance, or substantially rehabilitated, with agency assistance, single-family dwelling units with one or two units.

(iv) As used in this paragraph and in paragraph (1), "substantial rehabilitation" means rehabilitation, the value of which constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value.

(v) To satisfy this paragraph, the agency may aggregate new or substantially rehabilitated dwelling units in one or more project areas, if the agency finds, based on substantial evidence, after a public hearing, that the aggregation will not cause or exacerbate racial, ethnic, or economic segregation.

(B) To satisfy the requirements of paragraph (1) and subparagraph (A), the agency 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 either: (i) are not presently available at affordable housing cost to persons and families of low or very low income households, as applicable; or (ii) are units that are presently available at affordable housing cost to this same group of persons or families, but are units that the agency finds, based upon substantial evidence, after a public hearing, cannot reasonably be expected to remain affordable to this same group of persons or families.

(C) To satisfy the requirements of paragraph (1) and subparagraph (A), the long-term affordability covenants purchased or otherwise acquired pursuant to subparagraph (B) shall be required to be maintained on dwelling units at affordable housing cost to, and occupied by, persons and families of low or very low income, for the longest feasible time but not less than 55 years for rental units and 45 years for owner-occupied units. Not more than 50 percent of the units made available pursuant to paragraph (1) and subparagraph (A) may be assisted through the purchase or acquisition of long-term affordability covenants pursuant to subparagraph (B). Not less than 50 percent of the units made available through the purchase or acquisition of long-term affordability covenants pursuant to subparagraph (B) shall be available at affordable housing cost to, and occupied by, very low income households.

(3) The requirements of this subdivision shall apply independently of the requirements of subdivision (a). The requirements of this

subdivision shall apply, in the aggregate, to housing made available pursuant to paragraphs (1) and (2), respectively, and not to each individual case of rehabilitation, development, or construction of dwelling units, unless an agency determines otherwise.

(4) Each redevelopment agency, as part of the implementation plan required by Section 33490, shall adopt a plan to comply with the requirements of this subdivision for each project area. The plan shall be consistent with, and may be included within, the community's housing element. The plan shall be reviewed and, if necessary, amended at least every five years in conjunction with either the housing element cycle or the plan implementation cycle. The plan shall ensure that the requirements of this subdivision are met every 10 years. If the requirements of this subdivision are not met by the end of each 10-year period, the agency shall meet these goals on an annual basis until the requirements for the 10-year period are met. If the agency has exceeded the requirements within the 10-year period, the agency may count the units that exceed the requirement in order to meet the requirements during the next 10-year period. The plan shall contain the contents required by paragraphs (2), (3), and (4) of subdivision (a) of Section 33490.

(c) (1) The agency shall require that the aggregate number of replacement dwelling units and other dwelling units rehabilitated, developed, constructed, or price-restricted pursuant to subdivision (a) or (b) remain available at affordable housing cost to, and occupied by, persons and families of low-income, moderate-income, and very low income households, respectively, for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units, except as set forth in paragraph (2).

(2) Notwithstanding paragraph (1), the agency may permit sales of owner-occupied units prior to the expiration of the 45-year period established by the agency for a price in excess of that otherwise permitted under this subdivision pursuant to an adopted program that protects the agency's investment of moneys from the Low and Moderate Income Housing Fund, including, but not limited to, an equity sharing program that establishes a schedule of equity sharing that permits retention by the seller of a portion of those excess proceeds, based on the length of occupancy. The remainder of the excess proceeds of the sale shall be allocated to the agency, and deposited into the Low and Moderate Income Housing Fund. The agency shall, within three years from the date of sale of units pursuant to this paragraph, expend funds to make affordable an equal number of units at the same income level as units sold pursuant to this paragraph. Only the units originally assisted by the agency shall be counted towards the agency's obligations under Section 33413.

(3) The requirements of this section shall be made enforceable in the same manner as provided in paragraph (2) of subdivision (f) of Section 33334.3.

(4) If land on which the dwelling units required by this section are located is deleted from the project area, the agency shall continue to require that those units remain affordable as specified in this subdivision.

(d) (1) This section applies only to redevelopment projects for which a final redevelopment plan is adopted pursuant to Article 5 (commencing with Section 33360) on or after January 1, 1976, and to areas that are added to a project area by amendment to a final redevelopment plan adopted on or after January 1, 1976. In addition, subdivision (a) shall apply to any other redevelopment project with respect to dwelling units destroyed or removed from the low- and moderate-income housing market on or after January 1, 1996, irrespective of the date of adoption of a final redevelopment plan or an amendment to a final redevelopment plan adding areas to a project area. Additionally, any agency may, by resolution, elect to make all or part of the requirements of this section applicable to any redevelopment project of the agency for which the final redevelopment plan was adopted prior to January 1, 1976. In addition, subdivision (b) shall apply to redevelopment plans adopted prior to January 1, 1976, for which an amendment is adopted pursuant to Section 33333.10, except that subdivision (b) shall apply to those redevelopment plans prospectively only so that the requirements of subdivision (b) shall apply only to new and substantially rehabilitated dwelling units for which the building permits are issued on or after the date that the ordinance adopting the amendment pursuant to Section 33333.10 becomes effective.

(2) An agency may, by resolution, elect to require that whenever dwelling units housing persons or families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project, the agency shall replace each dwelling unit with up to three replacement dwelling units pursuant to subdivision (a).

(e) Except as otherwise authorized by law, this section does not authorize an agency to operate a rental housing development beyond the period reasonably necessary to sell or lease the housing development.

(f) Notwithstanding subdivision (a), the agency may replace destroyed or removed dwelling units with a fewer number of replacement dwelling units if the replacement dwelling units meet both of the following criteria:

(1) The total number of bedrooms in the replacement dwelling units equals or exceeds the number of bedrooms in the destroyed or removed units. Destroyed or removed units having one or no bedroom are deemed for this purpose to have one bedroom.

(2) The replacement units are affordable to and occupied by the same income level of households as the destroyed or removed units.

(g) "Longest feasible time," as used in this section, includes, but is not limited to, unlimited duration.

SEC. 3. Section 33413 of the Health and Safety Code, as amended by Section 16 of Chapter 782 of the Statutes of 2002, is repealed.

CHAPTER 410

An act to amend Sections 70063, 70312, 70325, 70375, 70391, 70403, and 76100 of the Government Code, relating to courts.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 70063 of the Government Code is amended to read:

70063. In Mendocino County, the official phonographic reporters shall perform the following duties:

(a) Report all proceedings before the superior court.

(b) Report the proceedings of the grand jury.

(c) Act as the secretary of, and render stenographic and clerical assistance to, the judge of the department to which they are assigned by the presiding judge.

SEC. 2. Section 70312 of the Government Code is amended to read:

70312. If responsibility for court facilities is transferred from the county to the Judicial Council pursuant to this chapter, the county is relieved of any responsibility under Section 70311 for providing those facilities. The county is also relieved of any responsibility for deferred or ongoing maintenance for the facility transferred, except for the county facilities payment required by Section 70353. Except as otherwise provided by this chapter, or by the agreement between the Judicial Council and the county under this chapter, the Judicial Council shall have ongoing responsibility for providing trial court facilities. If responsibility for all court facilities within a county has been transferred pursuant to this chapter, that county shall have no responsibility for providing court facilities. This section does not relieve a county of its obligation under Article 5 (commencing with Section 70351) or its obligations under any agreement entered into pursuant to this chapter.

SEC. 3. Section 70325 of the Government Code is amended to read:

70325. (a) (1) If title to a building proposed to be transferred pursuant to this chapter is subject to a bonded indebtedness, the county shall retain the revenue sources used to pay the bonded indebtedness in which case the county shall be required to continue to make the payments on the bonded indebtedness.

(2) As an alternative to paragraph (1), the county and the state may agree that the county shall transfer the revenue sources to the state, in which case, the state shall be required to make the payments on the bonded indebtedness in the amount of the revenue received. If the amount payable on the bonded indebtedness exceeds the amount of the revenue transferred to the state, the county shall be responsible for paying the remaining amount. If a revenue source is used to pay the bonded indebtedness on several buildings and not all of those buildings are being transferred to the state, the county shall transfer the proportion of the revenue used to pay the bonded indebtedness on the buildings transferred to the state. Except for revenue sources subject to Section 70375, any revenue source transferred by the county to the state under this paragraph shall be transferred back to the county by the state when the bonded indebtedness on the building is retired.

(b) Except in the case of a shared use building or historical building whose title is not being transferred from the county, the agreement concerning transfer of responsibility for court facilities contained in a building subject to bonded indebtedness shall specify when title to the building will transfer, which shall not be later than the date of final payment of the bonded indebtedness on the building. A county shall not extend the term of the final maturity date of, or increase the amount of, any bonded indebtedness on a building containing court facilities whose responsibility has been transferred to the state without the consent of the Administrative Director of the Courts. For the purposes of this subdivision, the amount of the bonded indebtedness shall not be deemed to be increased if the amount is refunded for an amount not greater than the original principal amount of the indebtedness plus any costs relating to the refunding of the bonded indebtedness.

(c) Notwithstanding any provision to the contrary in this chapter, during the period and to the extent which bonded indebtedness is outstanding with respect to any court facility, the state shall not have any equity or other ownership rights in, to, or with respect to, the court facility. A county may not sell, assign, or transfer any rights or interests in that facility, or otherwise further encumber the facility, other than those rights, interests, or encumbrances required by legal documents establishing the bonded indebtedness. If, during the period of bonded indebtedness outstanding with respect to a court facility, the state is required to vacate the facility through the operation or enforcement of

the legal documents establishing the bonded indebtedness, the county shall be responsible for providing the state with suitable and necessary court facilities at least equal to those occupied by the state immediately prior to the date on which the state was compelled to vacate the facility.

SEC. 4. Section 70375 of the Government Code, as amended by Section 119 of Chapter 75 of the Statutes of 2005, is amended to read:

70375. (a) This article shall take effect on January 1, 2003, and the fund, penalty, and fee assessment established by this article shall become operative on January 1, 2003, except as otherwise provided in this article.

(b) In each county, the amount authorized by Section 70372 shall be reduced by the following:

(1) The amount collected for deposit into the local courthouse construction fund established pursuant to Section 76100.

(2) The amount collected for transmission to the state for inclusion in the Transitional State Court Facilities Construction Fund established pursuant to Section 70401 to the extent it is funded by money from the local courthouse construction fund.

(c) The authority for all of the following shall expire proportionally on the June 30th following the date of transfer of responsibility for facilities from the county to the Judicial Council, except so long as money is needed to pay for construction provided for in those sections and undertaken prior to the transfer of responsibility for facilities from the county to the Judicial Council:

(1) An additional penalty for a local courthouse construction fund established pursuant to Section 76100.

(2) A filing fee surcharge in the County of Riverside established pursuant to Section 70622.

(3) A filing fee surcharge in the County of San Bernardino established pursuant to Section 70624.

(4) A filing fee surcharge in the City and County of San Francisco established pursuant to Section 70625.

(d) For purposes of subdivision (c), the term "proportionally" means that proportion of the fee or surcharge that shall expire upon the transfer of responsibility for a facility that is the same proportion as the square footage that facility bears to the total square footage of court facilities in that county.

SEC. 5. Section 70391 of the Government Code is amended to read:

70391. The Judicial Council, as the policymaking body for the judicial branch, shall have the following responsibilities and authorities with regard to court facilities, in addition to any other responsibilities or authorities established by law:

(a) Exercise full responsibility, jurisdiction, control, and authority as an owner would have over trial court facilities whose title is held by the

state, including, but not limited to, the acquisition and development of facilities.

(b) Exercise the full range of policymaking authority over trial court facilities, including, but not limited to, planning, construction, acquisition, and operation, to the extent not expressly otherwise limited by law.

(c) Dispose of surplus court facilities following the transfer of responsibility under Article 3 (commencing with Section 70321), subject to all of the following:

(1) If the property was a court facility previously the responsibility of the county, the Judicial Council shall comply with the requirements of Section 11011, and as follows, except that, notwithstanding any other provision of law, the proportion of the net proceeds that represents the proportion of other state funds used on the property other than for operation and maintenance shall be returned to the fund from which it came and the remainder of the proceeds shall be deposited in the State Court Facilities Construction Fund.

(2) The Judicial Council shall consult with the county concerning the disposition of the facility. Notwithstanding any other law, including Section 11011, when requested by the transferring county, a surplus facility shall be offered to that county at fair market value prior to being offered to any other state agency or other local government agency.

(3) The Judicial Council shall consider whether the potential new or planned use of the facility:

(A) Is compatible with the use of other adjacent public buildings.

(B) Unreasonably departs from the historic or local character of the surrounding property or local community.

(C) Has a negative impact on the local community.

(D) Unreasonably interferes with other governmental agencies that use or are located in or adjacent to the building containing the court facility.

(E) Is of sufficient benefit to outweigh the public good in maintaining it as a court facility or building.

(4) All funds received for disposal of surplus court facilities shall be deposited by the Judicial Council in the State Court Facilities Construction Fund.

(5) If the facility was acquired, rehabilitated, or constructed, in whole or in part, with money in the State Court Facilities Construction Fund that was deposited in that fund from the state fund, any funds received for disposal of that facility shall be apportioned to the state fund and the State Court Facilities Construction Fund in the same proportion that the original cost of the building was paid from the state fund and other sources of the State Court Facilities Construction Fund.

(d) Conduct audits of all of the following:

(1) The collection of fees by the local courts.

(2) The money in local courthouse construction funds established pursuant to Section 76100.

(e) Establish policies, procedures, and guidelines for ensuring that the courts have adequate and sufficient facilities, including, but not limited to, facilities planning, acquisition, construction, design, operation, and maintenance.

(f) Establish and consult with local project advisory groups on the construction of new trial court facilities, including the trial court, the county, state agencies, bar groups, and members of the community.

(g) Manage court facilities in consultation with the trial courts.

(h) Allocate appropriated funds for court facilities maintenance and construction, subject to the other provisions of this chapter.

(i) Manage shared-use facilities to the extent required by the agreement under Section 70343.

(j) Prepare funding requests for court facility construction, repair, and maintenance.

(k) Implement the design, bid, award, and construction of all court construction projects, except as delegated to others.

(*l*) Provide for capital outlay projects that may be built with funds appropriated or otherwise available for these purposes as follows:

(1) Approve five-year and master plans for each district.

(2) Establish priorities for construction.

(3) Recommend to the Governor and the Legislature the projects to be funded by the State Court Facilities Construction Fund.

(4) Submit the cost of projects proposed to be funded to the Department of Finance for inclusion in the Governor's Budget.

(m) In carrying out its responsibilities and authority under this section, the Judicial Council shall consult with the local court for:

(1) Selecting and contracting with facility consultants.

(2) Preparing and reviewing architectural programs and designs for court facilities.

(3) Preparing strategic master and five-year capital facilities plans.

(4) Major maintenance of any facility.

SEC. 6. Section 70403 of the Government Code is amended to read:

70403. (a) Each county shall submit a report to the Administrative Director of the Courts and the Director of Finance accounting for all receipts and expenditures from the local courthouse construction fund established pursuant to Section 76100 for the period from January 1, 1998, to the date of transfer of the fund pursuant to subdivision (a) of Section 70402 or December 31, 2005, whichever is earlier.

(b) If the county retains the fund under subdivision (a) of Section 70325 for payment on existing bonded indebtedness of a courthouse

facility, the county shall submit annual updates on all receipts and expenditures from the local courthouse construction fund, within 90 days of the end of each fiscal year, to the Administrative Director of the Courts and the Director of Finance.

(c) Any expenditures made from the fund for a purpose other than those specified in Section 76100 must be repaid to the state for deposit in the State Court Facilities Construction Fund pursuant to Section 70402. Either the Administrative Director of the Courts or the Director of the Department of Finance may provide the county with notice that an expenditure made from the fund was for a purpose other than as specified in Section 76100. If the county disagrees with the determination, it may appeal the determination to the Court Facilities Dispute Resolution Committee pursuant to Section 70303.

(d) On or before January 1, 2007, and on or before each January 1, thereafter, the Judicial Council shall submit a report to the budget and fiscal committees of the Legislature based on the information received from counties pursuant to this section, including any amounts required to be repaid by counties.

SEC. 7. Section 76100 of the Government Code is amended to read:

76100. (a) Except as provided in Article 3 (commencing with Section 76200), for the purpose of assisting any county in the acquisition, rehabilitation, construction, and financing of courtrooms, a courtroom building or buildings containing facilities necessary or incidental to the operation of the justice system, or court facilities, the board of supervisors may establish in the county treasury a Courthouse Construction Fund into which shall be deposited the amounts specified in the resolutions adopted by the board of supervisors in accordance with this chapter. The moneys of the Courthouse Construction Fund shall be payable only for the purposes set forth in this subdivision and in subdivision (b) and at the time necessary therefor, subject to the requirements set forth in Chapter 5.7 (commencing with Section 70301).

(b) In conjunction with the acquisition, rehabilitation, construction, or financing of court buildings referred to in subdivision (a), the county may use the moneys of the Courthouse Construction Fund for either of the following:

(1) To rehabilitate existing courtrooms, an existing courtroom building or buildings, or court facilities, for other uses if a new courtroom, a courtroom building or buildings, or court facilities are acquired, constructed, or financed.

(2) To acquire, rehabilitate, construct, or finance excess courtrooms, an excess courtroom building or buildings, or excess court facilities, if that excess is anticipated to be needed at a later time.

(c) Any excess courtroom, excess courtroom building or buildings, or excess court facilities, that are acquired, rehabilitated, constructed, or financed pursuant to subdivision (b) may be leased or rented for uses other than the operation of the justice system until the excess courtrooms, excess courtroom building or buildings, or excess court facilities, are needed for the operation of the justice system. Any amount received as lease or rental payments pursuant to this subdivision shall be deposited in the Courthouse Construction Fund.

(d) The fund moneys shall be held by the county treasurer separate from any funds subject to transfer or division pursuant to Section 1463 of the Penal Code.

(e) The amendments made to subdivision (a) by the act adding this subdivision are declarative of existing law and shall be used for determinations made pursuant to subdivision (c) of Section 70403.

CHAPTER 411

An act to amend and repeal Section 66499.7 of the Government Code, relating to subdivided lands.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 66499.7 of the Government Code is amended to read:

66499.7. The security furnished by the subdivider shall be released in whole or in part in the following manner:

(a) Security given for faithful performance of any act or agreement shall be released upon the performance of the act or final completion and acceptance of the required work. The legislative body may provide for the partial release of the security upon the partial performance of the act or the acceptance of the work as it progresses, consistent with the provisions of this section. The security may be a surety bond, a cash deposit, a letter of credit, escrow account, or other form of performance guarantee required as security by the legislative body that meets the requirements as acceptable security pursuant to law. If the security furnished by the subdivider is a documentary evidence of security such as a surety bond or a letter of credit, the legislative body shall release the documentary evidence and return the original to the issuer upon performance of the act or final completion and acceptance of the required

work. In the event that the legislative body is unable to return the original documentary evidence to the issuer, the security shall be released by written notice sent by certified mail to the subdivider and issuer of the documentary evidence within 30 days of the acceptance of the work. The written notice shall contain a statement that the work for which the security was furnished has been performed or completed and accepted by the legislative body, a description of the project subject to the documentary evidence and the notarized signature of the authorized representative of the legislative body.

(b) At such time that the subdivider believes that the obligation to perform the work for which security was required is complete, the subdivider may notify the public entity in writing of the completed work, including a list of work completed. Upon receipt of the written notice, the public entity shall have 45 days to review and comment or approve the completion of the required work. If the public entity does not agree that all work has been completed in accordance with the plans and specifications for the improvements, it shall supply a list of all remaining work to be completed.

(c) Within 45 days of receipt of the list of remaining work from the public entity, the subdivider may then provide cost estimates for all remaining work for review and approval by the public entity. Upon receipt of the cost estimates, the public entity shall then have 45 days to review, comment, and approve, modify, or disapprove those cost estimates. No public entity shall be required to engage in this process of partial release more than once between the start of work and completion and acceptance of all work; however, nothing in this section prohibits a public entity from allowing for a partial release as it otherwise deems appropriate.

(d) If the public entity approves the cost estimate, the public entity shall release all performance security except for security in an amount up to 200 percent of the cost estimate of the remaining work. The process allowing for a partial release of performance security shall occur when the cost estimate of the remaining work does not exceed 20 percent of the total original performance security unless the public entity allows for a release at an earlier time. Substitute bonds or other security may be used as a replacement for the performance security, subject to the approval of the public entity. If substitute bonds or other security is used as a replacement for the performance security released, the release shall not be effective unless and until the public entity receives and approves that form of replacement security. A reduction in the performance security, authorized under this section, is not, and shall not be deemed to be, an acceptance by the public entity of the completed improvements, and the risk of loss or damage to the improvements and the obligation

to maintain the improvements shall remain the sole responsibility of the subdivider until all required public improvements have been accepted by the public entity and all other required improvements have been fully completed in accordance with the plans and specifications for the improvements.

(e) The subdivider shall complete the works of improvement until all remaining items are accepted by the public entity.

(f) Upon the completion of the improvements, the subdivider, or his or her assigns, shall be notified in writing by the public entity within 45 days.

(g) Within 45 days of the issuance of the notification by the public entity, the release of any remaining performance security shall be placed upon the agenda of the legislative body of the public entity for approval of the release of any remaining performance security. If the public entity delegates authority for the release of performance security to a public official or other employee, any remaining performance security shall be released within 60 days of the issuance of the written statement of completion.

(h) Security securing the payment to the contractor, his or her subcontractors and to persons furnishing labor, materials or equipment shall, after passage of the time within which claims of lien are required to be recorded pursuant to Article 3 (commencing with Section 3114) of Chapter 2 of Title 15 of Part 4 of Division 3 of the Civil Code and after acceptance of the work, be reduced to an amount equal to the total claimed by all claimants for whom claims of lien have been recorded and notice thereof given in writing to the legislative body, and if no claims have been recorded, the security shall be released in full.

(i) The release shall not apply to any required guarantee and warranty period required by Section 66499.9 for the guarantee or warranty nor to the amount of the security deemed necessary by the local agency for the guarantee and warranty period nor to costs and reasonable expenses and fees, including reasonable attorneys' fees.

(j) The legislative body may authorize any of its public officers or employees to authorize release or reduction of the security in accordance with the conditions hereinabove set forth and in accordance with any rules that it may prescribe.

(k) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7

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

CHAPTER 412

An act to amend Sections 12100, 12106, 12108, 12110, 12111, 12112, 12114, 12115, 12116, 12119, and 12121 of, and to add Sections 12115.5 and 12116.5 to, the Insurance Code, relating to financial guaranty insurance.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 12100 of the Insurance Code is amended to read:

12100. As used in this article:

(a) (1) "Financial guaranty insurance" means a surety bond, an insurance policy or, when issued by an insurer, an indemnity contract and any guaranty similar to the foregoing types, under which loss is payable upon proof of occurrence of financial loss to an insured claimant, obligee, or indemnitee as a result of any of the following events:

(A) Failure of any obligor on or issuer of any debt instrument or other monetary obligation (including equity securities guarantied under a surety bond, insurance policy, or indemnity contract) to pay, when due to be paid by the obligor or scheduled at the time insured to be received by the holder of the obligation, principal, interest, premium, dividend, purchase price of or on the instrument or obligation, or other monetary payment when the failure is the result of financial default or insolvency, or, provided that the payment source is investment grade, any other failure of that payment source to make payment, regardless of whether the obligation is incurred directly or as guarantor by or on behalf of another obligor that has also defaulted.

(B) Changes in the levels of interest rates, whether short or long term, or the differential in interest rates between various markets or products.

(C) Changes in the rate of exchange of currency.

(D) Changes in the value of financial or commodity indices, or price levels in general.

(E) Other events that the commissioner determines by order, regulation, or written consent are substantially similar to any of the foregoing.

(2) Notwithstanding paragraph (1), "financial guaranty insurance" shall not include any of the following:

(A) Insurance of any loss resulting from any event described in paragraph (1), if the loss is payable only upon the occurrence of any of the following, as specified in a surety bond, insurance policy, or indemnity contract:

(i) A fortuitous physical event.

(ii) A failure of or deficiency in the operation of equipment.

(iii) An inability to extract or recover a natural resource.

(B) Title insurance authorized by Section 104 and as permitted to be written by title insurers pursuant to Chapter 1 (commencing with Section 12340) of Part 6 of this division.

(C) Surety insurance as authorized by Section 105.

(D) Credit unemployment insurance, meaning insurance on a debtor in connection with a specific loan or other credit transaction, to provide payments to a creditor in the event of unemployment of the debtor for the installments or other periodic payments becoming due while a debtor is unemployed.

(E) Credit insurance authorized by Section 113.

(F) Guaranteed investment contracts and funding agreements issued by life insurance companies which provide that the life insurer itself will make specified payments in exchange for specific premiums or contributions.

(G) Mortgage insurance authorized by Section 117 and as permitted to be written by mortgage insurers pursuant to Chapter 2 (commencing with Section 12420) of Part 6 of this division.

(H) Mortgage guaranty insurance authorized by Section 119 and as permitted to be written by a mortgage guaranty insurer pursuant to Chapter 2A (commencing with Section 12640.01) of Part 6 of this division.

(I) Indemnity contracts or similar guaranties, to the extent that they are not otherwise limited or proscribed by this article, in which a life insurer does any of the following:

(i) Guaranties its obligations or indebtedness or the obligations or indebtedness of a subsidiary (as defined in Section 1215) other than a financial guaranty insurance corporation; provided that:

(I) To the extent that any such obligations or indebtedness are backed by specific assets, those assets shall at all times be owned by the life insurer or the subsidiary.

(II) In the case of the guaranty of the obligations or indebtedness of the subsidiary that are not backed by specific assets of the life insurer, the guaranty terminates once the subsidiary ceases to be a subsidiary.

(ii) Guaranties obligations or indebtedness (including the obligation to substitute assets where appropriate) with respect to specific assets acquired by a life insurer in the course of normal investment activities and not for the purpose of resale with credit enhancement, or guaranties obligations or indebtedness acquired by its subsidiary, provided that the assets acquired pursuant to this clause have been either of the following:

(I) Acquired by a special purpose entity, whose sole purpose is to acquire specific assets of the life insurer or the subsidiary and issue securities or participation certificates backed by the assets.

(II) Sold to an independent third party.

(iii) Guaranties obligations or indebtedness of an employee or agent of the life insurer.

(J) Any cramdown bond or mortgage repurchase bond, as those phrases are used by nationally recognized rating agencies in respect of mortgage-backed securities.

(K) Residual value insurance.

(L) Any other form of insurance covering risks that the commissioner determines by order, regulation, or written consent to be substantially similar to any of the foregoing.

(b) "Affiliate" means a person that, directly or indirectly, owns at least 10 but less than 50 percent of the financial guaranty insurance corporation or that is at least 10 percent but less than 50 percent, directly or indirectly, owned by a financial guaranty insurance corporation.

(c) "Asset-backed securities" means either of the following:

(1) Securities or other financial obligations of an issuer provided that both of the following apply:

(A) The issuer is a special purpose corporation, trust, or other entity, or, provided that the securities or other financial obligations constitute an insurable risk, is a bank, trust company, or other financial institution, deposits in which are insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or any successors thereto.

(B) The securities or other financial obligations are related to a pool of assets so that all of the following apply:

(i) The pool of assets has been conveyed, pledged, or otherwise transferred to or is otherwise owned or acquired by the issuer.

(ii) The pool of assets backs the securities or other financial obligations issued.

(iii) No asset in the pool, other than an asset directly payable by, guarantied by, or backed by the full faith and credit of the United States government or that otherwise qualifies as collateral under paragraph (1) or (2) of subdivision (e), has a value exceeding 20 percent of the aggregate value of the pool.

(2) A pool of credit default swaps or credit default swaps referencing a pool of obligations, provided that each of the following is true:

(A) The swap counterparty whose obligations are insured under the credit default swap is a special purpose corporation, special purpose trust, or other special purpose legal entity.

(B) No reference obligation in the pool, other than an obligation directly payable by, guarantied by, or backed by the full faith and credit of the United States government, or that otherwise qualifies as collateral under paragraph (2) of subdivision (e), has a notional amount exceeding 10 percent of the pool's aggregate notional amount.

(C) The insurer has the benefit of a deductible or other first loss credit protection against claims under its insurance policy.

(d) "Average annual debt service" means the amount of insured unpaid principal and interest on an obligation multiplied by the number of the insured obligations (assuming that each obligation represents a $1,000 par value), divided by the amount equal to the aggregate life of all of those obligations. This definition, expressed as a formula in regard to bonds, is as follows:

$$\text{Average Annual Debt Service} = \frac{\text{Total Debt Service} \times \text{Number of Bonds}}{\text{Bond Years}}$$

$$\text{Total Debt Service} = \text{Insured Unpaid Principal + Interest}$$

$$\text{Number of Bonds} = \frac{\text{Total Insured Principal}}{\$1{,}000}$$

$$\text{Bond Years} = \text{Number of Bonds} \times \text{Term in Years}$$

Term in Years = Term to maturity based on scheduled amortization or, in the absence of a scheduled amortization in the case of asset-backed securities or other obligations lacking a scheduled amortization, expected amortization, in each case determined as of the date of issuance of the insurance policy based upon the amortization assumptions employed in pricing the insured obligations or otherwise used by the insurer to determine aggregate net liability.

(e) "Collateral" means any of the following:

(1) Cash.

(2) The cashflow from specific obligations which are not callable and scheduled to be received based on expected prepayment speed on or prior to the date of scheduled debt service (including scheduled redemptions and prepayments) on the insured obligation, provided that any of the following is true, as applicable:

(A) The specific obligations are directly payable by, guarantied by or backed by the full faith and credit of the United States government.

(B) In the case of insured obligations denominated or payable in a foreign currency as permitted under paragraph (3) of subdivision (b) of Section 12112, the specific obligations are directly payable by, guarantied by, or backed by the full faith and credit of the foreign government or the central bank thereof.

(C) The specific obligations are insured by the same insurer that insures the obligations being collateralized, and the cashflows from the specific obligations are sufficient to cover the insured scheduled payments on the obligations being collateralized.

(3) The market value of investment grade obligations, other than obligations evidencing an interest in the project or projects financed with the proceeds of the insured obligations.

(4) The face amount of each letter of credit that meets all of the following criteria:

(A) Is irrevocable.

(B) Provides for payment under the letter of credit in lieu of or as reimbursement to the insurer for payment required under a financial guaranty insurance policy.

(C) Is issued, presentable, and payable either:

(i) At an office of the letter of credit issuer in the United States.

(ii) At an office of the letter of credit issuer located in the jurisdiction in which the trustee or paying agent for the insured obligation is located.

(D) Contains a statement that either:

(i) Identifies the financial guaranty insurance corporation, its collateral agent, or any successor by operation of law, including any liquidator, rehabilitator, receiver or conservator, as the beneficiary.

(ii) Identifies the trustee or the paying agent for the insured obligation as the beneficiary.

(E) Contains a statement to the effect that the obligation of the letter of credit issuer under the letter of credit is an individual obligation of that issuer and is in no way contingent upon reimbursement with respect thereto.

(F) Contains an issue date and an expiration date.

(G) Either:

(i) Has a term at least as long as the shorter of the term of the insured obligation or the term of the financial guaranty insurance policy; or

(ii) Provides that the letter of credit shall not expire without 30 days prior written notice to the beneficiary and allows for drawing under the letter of credit in the event that, prior to expiration, the letter of credit is not renewed or extended or a substitute letter of credit or alternate collateral meeting the requirements of subdivision (e) is not provided.

(H) If the letter of credit is governed by the 1983 revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (Publication 400 or 500), or any successor revision approved by the commissioner, it shall contain a provision for an extension of time, of not less than 30 days after resumption of business, to draw against the letter of credit in the event that one or more of the occurrences described in Article 19 of Publication 400 or 500 occurs.

(I) Is issued by a bank, trust company, or savings association that meets all of the following criteria:

(i) Is organized and existing under the laws of the United States or any state thereof or, in the case of a financial institution organized under the laws of a foreign country, has a branch or agency office licensed under the laws of the United States or any state thereof and is domiciled in a member country of the Organisation of Economic Co-operation and Development having a sovereign rating in one of the top two generic lettered rating classifications by a securities rating agency acceptable to the commissioner.

(ii) Has (or is the principal operating subsidiary of a financial institution holding company that has) a long-term debt rating of at least investment grade.

(iii) Is not a parent, subsidiary or affiliate of the trustee or paying agent, if any, with respect to the insured obligation if that trustee or paying agent is the named beneficiary of the letter of credit.

(5) The amount of credit protection available to the insurer (or its nominee) under each credit default swap that satisfies each of the following:

(A) May not be amended without the consent of the insurer and may only be terminated in accordance with one of the following:

(i) At the option of the insurer.

(ii) At the option of the counterparty to the insurer (or its nominee), if the credit default swap provides for the payment of a termination amount equal to the replacement cost of the terminated credit default swap determined with reference to standard documentation of the International Swap and Derivatives Association, Inc. or otherwise acceptable to the commissioner.

(iii) At the discretion of the commissioner acting as rehabilitator, liquidator, or receiver of the insurer upon payment by or on behalf of the insurer of any termination amount due from the insurer.

(B) Provides for payment under all instances in which payment under a financial guaranty insurance policy is required, except that payment under the credit default swap may be on a first loss, excess of loss, or

other nonpro-rata basis and may apply on an aggregate basis to more than one policy.

(C) Is provided by one of the following:

(i) A counterparty whose obligations under the credit default swap are insured by a financial guaranty insurance corporation licensed under this article or guaranteed by a financial institution referred to in clauses (ii) and (iii) of this subparagraph.

(ii) A financial institution satisfying the requirements of clauses (i) to (iii), inclusive, of subparagraph (I) of paragraph (4), provided that obligations of the financial institution on parity with its obligations under the credit default swap are rated as investment grade, and further provided that, if the financial institution is not organized under, or acting through a branch or agency office licensed under, the laws of the United States or any state thereof, then the financial institution is required to collateralize the replacement cost of the credit default swap in the event that it fails to maintain the investment grade rating.

(iii) Any other financial institution that the commissioner determines to be substantially similar to any specified in clause (i) or (ii).

(iv) The requirements of this subparagraph shall not be construed as authority for an insurer domiciled in the United States to issue credit default swaps unless the insurer has explicit authority to issue credit default swaps.

Collateral shall be deposited with or held by the financial guaranty insurance corporation, held by a trustee or agent for the benefit of the financial guaranty insurance corporation in trust or to perfect a security interest, or held in trust pursuant to the bond indenture or other trust arrangement by a trustee or custodian for the benefit of holders of the insured obligations in the form of funds for payment of insured obligations, sinking funds, or other reserves which may be used for the payment of insured obligations, collateral agent fees and trustee fees, or reimbursement of the financial guaranty insurance corporation on any obligation insured by the corporation. Any such trustee, custodian, or agent shall be a bank, savings association, depository institution, or other entity acceptable to the commissioner, the deposits of which are insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (or any successors thereto), or in the case of banking organizations organized under the laws of a foreign country in addition satisfies the requirements of clauses (i) and (ii) of subparagraph (I) of paragraph (4) of subdivision (e) of Section 12100, and, in each case which has a net worth of at least twenty-five million dollars ($25,000,000). Any such trustee or agent may also be an approved or qualified servicer or originator of the kind of assets which comprise the collateral which maintains in force at all times errors and

omissions insurance applicable to the trust or agency activities, including without limitation, a servicer qualified under a federal or state insurance or guaranty program to service loans or mortgage loans. The commissioner may adopt regulations, bulletins, notices or orders to limit the amount of collateral provided by obligations, letters of credit, or credit default swaps, or to limit the amount of collateral provided by any single issuer, bank, or counterparty as provided for in this subdivision. The commissioner may also require additional reporting as deemed necessary.

(f) "Commercial real estate" means income-producing real property other than residential property consisting of less than five units.

(g) "Contingency reserve" means an additional liability reserve established to protect policyholders against the effects of adverse economic cycles or other unforeseen circumstances.

(h) "Credit default swap" means an agreement referencing credit derivative definitions published from time to time by the International Swap and Derivatives Association, Inc. or otherwise acceptable to the commissioner, pursuant to which a party agrees to compensate another party in the event of a payment default by, insolvency of, or other adverse credit event in respect of, an issuer of a specified security or other obligation. Such an agreement shall not constitute an insurance contract and the making of a credit default swap shall not constitute the transaction of insurance.

(i) "Excess spread" means, with respect to any insured issue of asset-backed securities, the excess of (A) the scheduled cashflow on the underlying assets that is reasonably projected to be available, over the term of the insured securities after payment of the expenses associated with the insured issue, to make debt service payments on the insured securities over (B) the scheduled debt service requirements on the insured securities, provided that this excess is held in the same manner as collateral is required to be held under subdivision (e).

(j) "Financial guaranty insurance corporation" means an insurer transacting financial guaranty insurance.

(k) "Governmental unit" means a state, territory, or possession of the United States of America, the District of Columbia, the country of Canada, a province of Canada, the United Kingdom, a public authority of the United Kingdom, a member country of the Organisation for Economic Co-operation and Development having a sovereign rating in one of the top two generic lettered rating classifications by a securities rating agency acceptable to the commissioner, a municipality, or a political subdivision of any of the foregoing, or any public agency or instrumentality thereof.

(*l*) "Guaranties of consumer debt obligations" means insurance policies indemnifying a purchaser or lender against loss or damage resulting from defaults on a pool of debts owed for extensions of credit (including in respect of installment purchase agreements and leases) to individuals provided in the normal course of the purchaser's or lender's business, provided that the pool meets the requirements of paragraph (2) of subdivision (c) and that the pool has been determined to be investment grade. Policies providing that coverage shall contain a provision that all liability terminates upon sale or transfer of the underlying obligation to any transferee that is not an insured of the financial guaranty insurance corporation under a similar policy.

(m) "Industrial development bond" means any security, or other instrument under which a payment obligation is created, issued by or on behalf of a governmental unit to finance a project serving a private industrial, commercial, or manufacturing purpose and not guarantied by a governmental unit.

(n) "Insurable risk" means that the obligation on an uninsured basis has been determined to be not less than investment grade. With respect to asset-backed securities as defined in subdivision (c), the determination shall be, based solely on the pool of assets backing the insured obligation or securing the financial guaranty insurance corporation, without consideration of the creditworthiness of the issuer.

(o) "Investment grade" means that the obligation or parity obligation of the same issuer is rated in one of the top four generic lettered rating classifications by a securities rating agency acceptable to the commissioner, that the obligation or parity obligation of the same issuer, without regard to financial guaranty insurance, has been identified in writing by that rating agency as an insurable risk deemed to be of investment grade quality, or that the obligation or parity obligation of the same issuer has been determined to be investment grade (as indicated by a category 1 or 2 rating) by the Securities Valuation Office of the National Association of Insurance Commissioners.

(p) "Municipal bonds" means municipal obligation bonds and special revenue bonds.

(q) (1) "Municipal obligation bond" means any security, or other instrument, including a lease payable or guarantied by the United States or another national government that qualifies as a governmental unit, or any agency, department, or instrumentality thereof, or by a state or an equivalent subdivision of another national government that qualifies as a governmental unit, but not a lease of any other governmental unit, under which a payment obligation is created, issued by or on behalf of a governmental unit or issued by a special purpose corporation, special purpose trust, or other special purpose legal entity to finance a project

or undertaking serving a substantial public purpose, and which is one or more of the following:

(A) Payable from tax revenues, but not tax allocations, within the jurisdiction of the governmental unit.

(B) Payable or guarantied by the United States of America or another national government that qualifies as a governmental unit, or any agency, department, or instrumentality thereof, or by a housing agency of a state or an equivalent political subdivision of another national government that qualifies as a governmental unit.

(C) Payable from rates or charges (but not tolls) levied or collected in respect of a nonnuclear utility project, public transportation facility (other than an airport facility) or public higher education facility.

(D) With respect to lease obligations, payable from past, present, or future appropriations.

(2) Notwithstanding paragraph (1), obligations of a special purpose corporation, special purpose trust, or other special purpose legal entity shall not be considered municipal obligation bonds unless the obligations are investment grade at the time of issuance, the obligations are payable from sources enumerated in subparagraphs (A) to (D), inclusive, and the project being financed or the tolls, tariffs, usage fees, or other similar rates or charges for its use are subject to regulation or oversight by a governmental entity.

(r) "Parent" means a person that, directly or indirectly, owns at least 50 percent of a financial guaranty insurance corporation.

(s) "Reinsurance" means cessions qualifying for credit under Section 12121.

(t) "Security" or "secured" means any of the following:

(1) A deposit at least equal to the full amount of the outstanding principal of the insured obligation.

(2) Collateral, as defined by subdivision (e), at least equal to the full amount of the outstanding principal of the insured obligation or that has a market value or scheduled cashflow which is equal to or greater than the scheduled debt service on the insured obligation.

(3) Property, provided the financial guaranty insurance corporation or the trustee has possession of evidence of the right, title, or authority to claim or foreclose thereon or otherwise dispose of the property for value, the scheduled cashflow from which, or market value thereof, is at least equal to the scheduled debt service on the insured obligation.

(u) "Special revenue bond" means any security or other instrument under which a payment obligation is created, issued by or on behalf of, or payable or guarantied by, a governmental unit to finance a project or undertaking serving a substantial public purpose and not payable from

the sources enumerated in subdivision (q) or securities which are substantially similar to the foregoing issued by any of the following:

(1) A not-for-profit corporation.

(2) A special purpose corporation, special purpose trust or other special purpose legal entity, provided that the obligations are investment grade at the time of issuance, the obligations are not payable from the sources enumerated in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (q), and the project being financed or the tolls, tariffs, usage fees, or other similar rates or charges for its use are subject to regulation or oversight by a governmental entity.

(v) "Subsidiary" means a person that, directly or indirectly, is at least 50 percent owned by a financial guaranty insurance corporation

(w) "Total net liability" of a financial guaranty insurance corporation means the aggregate amount of insured unpaid principal, interest, and other monetary payments, if any, of guarantied obligations insured or assumed, less reinsurance and less collateral.

(x) "Utility first mortgage obligation" means an obligation of an issuer secured by a first priority mortgage on property owned or leased by an investor-owned or cooperative-owned utility company and located in the United States, Canada, or a member country of the Organisation for Economic Co-operation and Development having a sovereign rating in one of the top two generic lettered rating classifications by a securities rating agency acceptable to the commissioner, provided that the utility or utility property or the usage fees or other similar utility rates or charges are subject to regulation or oversight by a governmental entity.

SEC. 2. Section 12106 of the Insurance Code is amended to read:

12106. (a) An admitted financial guaranty insurance corporation's investments in any one entity insured by that corporation shall not exceed 4 percent of its admitted assets as of the end of the prior calendar year, except that this limit shall not apply to investments payable or guarantied by a United States governmental unit or agency or the State of California if the investments payable or guarantied by the United States governmental unit or agency or the State of California shall be rated in one of the top two generic lettered rating classifications by a securities rating agency acceptable to the commissioner.

(b) In addition to any transaction that an insurer meeting the requirements of Section 1211 may effect and maintain under any other provision of this code, a financial guaranty insurance corporation may effect and maintain a transaction in contracts for the future delivery or receipt of the currency of a foreign country, interest rate options, credit default swaps under which the insurer is acquiring credit protection, and any other products included in the plan referred to in paragraph (7), if the following conditions are satisfied:

(1) The transaction is used for the purpose of limiting risk of loss under financial guaranty insurance policies or reinsurance contracts covering those policies due to fluctuations in interest rates or currency exchange rates or, in the case of credit default swaps, financial default, insolvency, or other credit events.

(2) The transaction does not exceed a duration of 12 months beyond the term of those policies or reinsurance contracts.

(3) The amount of foreign currencies to be purchased under the transaction does not exceed the amount guarantied under those policies or reinsurance contracts that is denominated in foreign currency.

(4) The amount that is subject to interest rate hedging transactions does not exceed the amount guarantied under those policies or reinsurance contracts that is subject to the risk of interest rate fluctuations.

(5) The counterparty to the transaction has, or is the principal operating subsidiary of a holding company that has, a long-term unsecured debt rating or claims-paying ability rating that is at least investment grade.

(6) The transaction is not conducted for arbitrage purposes.

(7) The transaction is entered into pursuant to a plan that has been approved by the board of directors of the financial guaranty insurance corporation and filed with and approved by the insurance department of the state of domicile of the financial guaranty insurance corporation.

(c) A transaction entered into pursuant to subdivision (b) shall be governed by the terms of this section and shall not be subject to Section 1211.

SEC. 3. Section 12108 of the Insurance Code is amended to read:

12108. (a) An admitted financial guaranty insurance corporation shall establish and maintain a contingency reserve.

(b) With respect to all financial guaranties written prior to and in force as of July 1, 1989:

(1) The financial guaranty insurance corporation shall establish and maintain a contingency reserve consistent with the requirements applicable for municipal bond insurance policies which were in effect prior to July 1, 1989, in an amount equal to 50 percent of earned premiums on those policies.

(2) To the extent that the financial guaranty insurance corporation's contingency reserves maintained as of July 1, 1989, are less than those required for municipal bond insurance policies pursuant to paragraph (1), the corporation shall have until January 1, 1994, to bring its reserves into compliance.

(c) With respect to financial guaranties of municipal obligation bonds, special revenue bonds and investment grade industrial development bonds written after July 1, 1989:

(1) The financial guaranty insurance corporation shall establish and maintain a contingency reserve in accordance with paragraph (3) of subdivision (d) for all those insured issues in each calendar year for each category listed in paragraph (2) of this subdivision.

(2) The total contingency reserve required shall be the greater of 50 percent of premiums written for each such category or the following amount prescribed for each such category:

(A) Municipal obligation bonds, 0.8 percent of principal outstanding.

(B) Special revenue bonds, 1.2 percent of principal outstanding.

(C) Investment grade industrial development bonds secured by collateral or with a remaining term at the date of insurance of seven years or less and utility first mortgage obligations, 1.4 percent of principal outstanding.

(D) All other investment grade industrial development bonds, 1.6 percent of principal outstanding.

(3) Contributions to the contingency reserve required by this paragraph, equal to one-eightieth of the total reserve required, shall be made each quarter for 20 years, provided, however, that contributions may be discontinued so long as the total reserve for all categories listed in items (A) through (D) of subparagraph (2) exceeds the percentages contained in items (A) through (D) when applied against unpaid principal.

(d) With respect to all other financial guaranties written on or after July 1, 1989:

(1) The financial guaranty insurance corporation shall establish and maintain a contingency reserve in accordance with paragraph (3) for all those insured issues in each calendar year for each such category listed in paragraph (2).

(2) The total contingency reserve required shall be the greater of 50 percent of premiums written for each such category or the following amount prescribed for each such category:

(A) Investment grade obligations, secured by collateral, or with a remaining term at the date of insurance of seven years or less, 1.2 percent of principal outstanding.

(B) Other investment grade obligations, 1.7 percent of principal outstanding.

(C) Noninvestment grade obligations secured by collateral, 2.5 percent of principal outstanding.

(D) Other noninvestment grade obligations, 3.0 percent of principal outstanding.

(3) Contributions to the contingency reserve required by subparagraphs (A) and (B) of paragraph (2), equal to one-sixtieth of the total reserve required, shall be made each quarter for 15 years, and contributions to the contingency reserve required by subparagraphs (C) and (D) of

paragraph (2), equal to one-fortieth of the total reserve required, shall be made each quarter for 10 years provided, however, that contributions may be discontinued so long as the total reserve for all categories listed in subparagraphs (A) through (D) of paragraph (2) exceeds the percentages contained in subparagraphs (A) through (D) when applied against unpaid principal.

(e) Contingency reserves required in subdivisions (b), (c), and (d) may be established and maintained net of collateral and reinsurance, provided that, in the case of reinsurance, the reinsurance agreement requires that the reinsurer shall, on or after the effective date of the reinsurance, establish and maintain a reserve in an amount equal to the amount by which the financial guaranty insurance corporation reduces its contingency reserve. In addition, contingency reserves required in subdivisions (c) and (d) may be maintained net of refundings and refinancings to the extent the refunded or refinanced issue is paid off or secured by obligations that are directly payable or guarantied by the United States government, and net of insured securities in a unit investment trust or mutual fund that have been sold from the trust or fund without insurance.

(f) The contingency reserves may be released thereafter in the same manner in which they were established and withdrawals therefrom, to the extent of any excess, may be made from the earliest contributions to such reserves remaining therein:

(1) With the prior written approval of the commissioner, if the actual incurred losses for the year, in the case of the categories of guaranties subject to subdivision (c) exceeds 35 percent of earned premiums, or in the case of the categories of guaranties subject to subdivision (d) exceed 65 percent of earned premiums.

(2) Upon 30 days prior written notice to the commissioner, provided that the contingency reserve has been in existence for 40 quarters, for reserves subject to subdivision (c), and 30 quarters, for reserves subject to subdivision (d), upon demonstration that the amount carried is in excess of required amounts or excessive in relation to the financial guaranty insurance corporation's outstanding obligations.

(3) A financial guaranty insurance corporation may invest the contingency reserve in tax and loss bonds or similar securities purchased pursuant to Section 832(e) of the Internal Revenue Code (or any successor provision), only to the extent of the tax savings resulting from the deduction for federal income tax purposes of a sum equal to the annual contributions to the contingency reserve. The contingency reserve shall otherwise be invested only in classes of securities or types of investments specified in Article 3 (commencing with Section 1170) of

Chapter 2 of Part 2 of Division 1 and Article 4 (commencing with Section 1190) of Chapter 2 of Part 2 of Division 1.

SEC. 4. Section 12110 of the Insurance Code is amended to read:

12110. An unearned premium reserve shall be established and maintained net of reinsurance and collateral with respect to all financial guaranty premiums. Where financial guaranty insurance premiums are paid on an installment basis, an unearned premium reserve shall be established and maintained, net of reinsurance, computed on a daily or monthly pro rata basis. All other financial guaranty insurance premiums written shall be earned in proportion with the expiration of exposure, or by such other method as may be prescribed or approved by the commissioner.

SEC. 5. Section 12111 of the Insurance Code is amended to read:

12111. An admitted financial guaranty insurance corporation shall adopt procedures reasonably calculated to ensure, to the extent it is commercially feasible for the financial guaranty insurance corporation, that any prospectus which discloses that a policy of financial guaranty insurance has been issued also discloses that in the event the financial guaranty insurance corporation were to become insolvent, any claims arising under the policies of financial guarantee insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 15.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1.

SEC. 6. Section 12112 of the Insurance Code is amended to read:

12112. (a) Except as provided in Section 12118, financial guaranty insurance may be transacted in this state only by an insurer admitted to transact financial guaranty insurance.

(b) The following guaranties are permissible:

(1) Financial guaranty insurance shall be written only to insure timely payment of contractual obligations, including principal and interest, purchase obligations, dividends, or any other payment obligation, however characterized of the following:

(A) Municipal obligation bonds.

(B) Special revenue bonds.

(C) Industrial development bonds.

(D) Obligations of corporations, trusts, or similar entities established under applicable law.

(E) Partnership obligations.

(F) Asset-backed securities, trust certificates and trust obligations other than mortgage-backed securities secured by first mortgages on real property which are insurable by a mortgage guaranty insurer authorized under Chapter 2A (commencing with Section 12640.01) of Part 6 of Division 2, unless one of the following applies:

(i) The mortgages with loan-to-value ratios in excess of 80 percent are insured by mortgage guaranty insurers authorized under Chapter 2A (commencing with Section 12640.01) of Part 6 of Division 2, are insured by mortgage guaranty insurers licensed under the laws of any other state if that insurer has a claims paying rating of investment grade from a securities rating agency acceptable to the commissioner, or are in an aggregate principal amount less than the single risk limits prescribed in subdivision (e) of Section 12115.

(ii) Additional mortgages with principal balances, other collateral with a market value, or, provided the insured risk is investment grade, excess spread, in each instance in an amount at least equal to the coverage that would otherwise be provided by those mortgage guaranty insurers in accordance with item (i) of this subparagraph are pledged as additional support for the asset-backed securities.

(G) Installment purchase agreements executed as a condition of sale.

(H) Consumer debt obligations.

(I) Utility first mortgage obligations.

(J) Any other debt instrument or monetary obligation that the commissioner determines by order, regulation, or written consent to be substantially similar to any of the foregoing.

(2) A corporation may insure the timely payment of monetary obligations in any category designated in paragraph (1), notwithstanding that the obligation may be insured by a financial guaranty insurance policy issued by another insurer. In the event that any obligation is insured by more than one financial guaranty insurance policy, then each of the insurance policies may by its terms specify its priority of payment in the event of a default under the obligation insured or under any other insurance policy, provided that an insurer shall be entitled to take into account payment under another policy insuring the obligation for purposes of establishing and maintaining loss reserves only to the extent that the policy issued by the insurer provides for payment only in the event of payment default under both the obligation and the other policy.

(3) A corporation may also write financial guaranty insurance, as defined in subparagraph (A) of paragraph (1) of subdivision (a) of Section 12100 to insure the timely payment of non-United States dollar debt instruments or other monetary obligations denominated or payable in foreign currency, only for the categories listed in subparagraphs (A) to (J), inclusive, of paragraph (1), provided that each of the following conditions is satisfied:

(A) The currency is that of an Organisation for Economic Co-operation and Development country or another country whose sovereign rating is investment grade, or the country is not disapproved by the commissioner within 30 days following receipt of written notification. The

commissioner shall not disapprove the country if it is demonstrated that there is no undue risk associated with insuring the timely payment of the instruments or obligations. In making such a determination, the commissioner shall take into consideration the corporation's outstanding liabilities on noninvestment grade instruments and obligations in relation to its outstanding liabilities on all instruments and obligations and in relation to the amount of surplus to policyholders.

(B) Reserves required pursuant to Sections 12108, 12109, and 12110 in regard to the obligations are established and adjusted quarterly based upon the then current foreign exchange rates.

(C) The obligations do not exceed 25 percent of an insurer's aggregate net liability.

(D) The aggregate and single risk limitations prescribed by Section 12106 and 12115 are determined by applying the then current foreign exchange rates.

SEC. 7. Section 12114 of the Insurance Code is amended to read:

12114. (a) An insurer may insure obligations enumerated in subparagraphs (A), (B), and (C) of paragraph (1) of subdivision (b) of Section 12112 that are not investment grade so long as at least 95 percent of the insurer's total net liability on the kinds of obligations enumerated in those subparagraphs is investment grade.

(b) The financial guaranty insurance corporation shall at all times maintain capital, surplus, and contingency reserve in the aggregate no less than the sum of the following:

(1) 0.3333 percent of the total net liability under guaranties of municipal bonds and utility first mortgage obligations.

(2) 0.6666 percent of the total net liability under guaranties of investment grade asset-backed securities.

(3) 1.0 percent of the total net liability under guaranties, secured by collateral or having a term of seven years or less of:

(A) Investment grade industrial development bonds, and

(B) Other investment grade obligations.

(4) 1.5 percent of the total net liability under guaranties of other investment grade obligations.

(5) 2.0 percent of the total net liability under guaranties of:

(A) Noninvestment grade consumer debt obligations, and

(B) Noninvestment grade asset-backed securities.

(6) 3.0 percent of the total net liability under guaranties of noninvestment grade obligations secured by first mortgages on commercial real estate and having loan-to-value ratios of 80 percent or less.

(7) 5.0 percent of the total net liability under guaranties of other noninvestment grade obligations.

(8) If the amount of collateral required by paragraph (3) of subdivision (b) is no longer maintained, that proportion of the obligation insured which is not so collateralized shall be subject to the aggregate limits specified in paragraph (4) of subdivision (b).

(9) Additional surplus determined by the commissioner to be adequate to support the writing of surety insurance and credit insurance if the financial guaranty insurance corporation has been authorized to transact surety insurance and credit insurance as authorized by Section 12102.

(c) Whenever the reserves for outstanding credit insurance losses or loss expenses or any insurer licensed in this state to transact financial guaranty insurance are determined by the commissioner to be inadequate, he or she shall require the insurer to maintain additional reserves.

SEC. 8. Section 12115 of the Insurance Code is amended to read:

12115. A financial guaranty insurance corporation admitted to transact financial guaranty insurance in this state shall limit its exposure to loss, net of collateral and reinsurance, as follows:

(a) For municipal obligation bonds and special revenue bonds:

(1) The insured average annual debt service with respect to any one entity and backed by a single revenue source may not exceed 10 percent of the aggregate of the financial guaranty insurance corporation's capital, surplus, and contingency reserve.

(2) The insured unpaid principal issued by a single entity and backed by a single revenue source may not exceed 75 percent of the aggregate of the financial guaranty insurance corporation's capital, surplus, and contingency reserve.

(b) For each issue of asset-backed securities issued by a single entity, and for each pool of consumer debt obligations, the lesser of:

(1) Insured average annual debt service; or

(2) Insured unpaid principal (reduced by the extent to which the unpaid principal of the supporting assets and, provided the insured risk is investment grade, excess spread, exceed the insured unpaid principal) divided by nine; shall not exceed 10 percent of the aggregate of the financial guaranty insurance corporation's capital, surplus, and contingency reserve, provided that no asset in the pool supporting the asset-backed securities exceeds the single risk limits prescribed in subdivision (e) of Section 12115 if directly guarantied; and provided further that, if the issuer of such insured asset-backed securities is a special purpose corporation, trust or other entity and that issuer shall have indebtedness outstanding with respect to any other pool of assets, either such other indebtedness shall be entitled to the benefits of a financial guaranty policy of the same financial guaranty insurance corporation, or such other indebtedness shall (A) be fully subordinated to the insured obligation, with respect to, or be nonrecourse with respect

to, the pool of assets that supports the insured obligation, (B) be nonrecourse to the issuer other than with respect to the asset pool securing such other indebtedness and proceeds in excess of the proceeds necessary to pay the insured obligation ("excess proceeds") and (C) not constitute a claim against the issuer to the extent that the asset pool securing such other indebtedness or excess proceeds are insufficient to pay such other indebtedness.

(c) For obligations issued by a single entity and secured by commercial real estate, and not meeting the definition of asset-backed securities, the insured unpaid principal less 50 percent of the appraised value of the underlying real estate shall not exceed 10 percent of the aggregate of the financial guaranty insurance corporation's capital, surplus, and contingency reserve.

(d) For utility first mortgage obligations, the insured average annual debt service shall not exceed 10 percent of the aggregate of the financial guaranty insurance corporation's capital, surplus, and contingency reserve.

(e) For all other financial guaranties, the insured unpaid principal for any one entity and backed by a single revenue source may not exceed 10 percent of the aggregate of the financial guaranty insurance corporation's capital, surplus, and contingency reserve.

SEC. 9. Section 12115.5 is added to the Insurance Code, to read:

12115.5. (a) If an admitted financial guaranty insurance corporation fails to maintain a rating in any of the top three generic rating classifications by any securities rating agency acceptable to the commissioner, it shall immediately send written notification of this failure to both the commissioner and the insurance regulatory authority in its state of domicile.

(b) (1) If an admitted financial guaranty insurance corporation fails to maintain a rating at least equal to the highest notch in the fourth generic rating classification by any securities rating agency acceptable to the commissioner, the insurer shall prepare and file with the commissioner a two-year business plan, in reasonable detail, together with other information that the commissioner requires. The plan shall be filed within 45 days of the date when the insurer fails to maintain that rating.

(2) In response to that failure, the commissioner may conduct any examination or analysis of the insurer's assets, liabilities, and operations, including its pricing, that he or she deems necessary.

(3) After reviewing the business plan and conducting any examination or analysis, the commissioner may issue a corrective order specifying the corrective measures that he or she determines to be required, and the insurer shall implement those measures. In determining corrective measures, the commissioner may take into account the factors that he

or she deems relevant with respect to the insurer, including the results of the examination or analysis.

(c) If an admitted financial guaranty insurance corporation fails to maintain an investment grade rating by any securities rating agency acceptable to the commissioner, it shall not do either of the following without the commissioner's specific prior written approval:

(1) If domiciled in this state, accept additional risks or issue new policies anywhere.

(2) If domiciled in another state, accept additional risks in this state or issue new policies insuring risks in this state.

SEC. 10. Section 12116 of the Insurance Code is amended to read:

12116. (a) If an admitted financial guaranty insurance corporation at any time exceeds any limitation prescribed by subdivision (a) or (b) of Section 12114 or Section 12115, the corporation shall immediately notify the commissioner in writing. Upon receipt of the written notification, or independent of its receipt, the commissioner may issue an order to show cause why the financial guaranty insurance corporation should not cease transacting financial guaranty insurance business. If the commissioner issues such an order, the commissioner shall serve notice of hearing with the order to the financial guaranty insurance corporation stating the time and place therefor, and the conduct, condition or grounds upon which the commissioner has made the order. The hearing shall occur not less than 20 nor more than 30 days after notice is served. At the hearing, the burden to show cause why the financial guaranty insurance corporation should not cease transacting new financial guaranty insurance shall be borne solely by the financial guaranty insurance corporation.

(b) If the commissioner does not issue an order pursuant to subdivision (a) upon receiving written notice, the financial guaranty insurance corporation shall, within 30 days after the limitations are breached, submit a written plan to the commissioner detailing the steps that it will take or has taken to reduce its exposure to loss to no more than the amounts permitted by subdivisions (a) and (b) of Section 12114 and Section 12115. If, after review of the written plan, the commissioner determines that the corporation has not presented reasonable steps to reduce its exposure to loss to not more than the permitted amounts, the commissioner may issue an order to show cause following the same procedures as prescribed in subdivision (a).

(c) If, after notice and hearing pursuant to subdivision (a) or (b), the commissioner determines that the financial guaranty insurance corporation has exceeded any limitation prescribed by subdivision (a) or (b) of Section 12114 or Section 12115, the commissioner may order

the corporation to cease transacting any new financial guaranty insurance business until its exposure to loss no longer exceeds these limitations.

(d) The provisions of this section and Section 12115.5 shall in no way limit the stop order power of the commissioner under any other section.

SEC. 11. Section 12116.5 is added to the Insurance Code, to read:

12116.5. (a) The commissioner may, for good cause, implement by regulation, order, or written consent, reasonable conditions or limitations under which any or all admitted financial guaranty insurance corporations may insure the type of business described in paragraph (2) of subdivision (c) of Section 12100 or subdivision (a) of Section 12119, reduce reserves in respect of collateral described in paragraph (2) or (5) of subdivision (e) of Section 12100, or engage in the transactions described in subdivision (b) of Section 12106, when, in the judgment of the commissioner, those conditions or limitations are necessary and appropriate to safeguard insurer solvency.

(b) Whenever the reserves for outstanding liabilities for obligations insured under subdivision (c) of Section 12100 are determined by the commissioner to be inadequate, he or she shall require the insurer to maintain additional reserves.

(c) The commissioner may disallow, for purposes of any financial statements or reports required or permitted to be filed under this code, the recognition of collateral authorized by paragraph (2) or (5) of subdivision (e) of Section 12100 if the commissioner finds after inquiry and review that the collateral fails to legally secure the obligations to which it relates, the collateral is inaccurately valued, the value of the collateral is insufficient in relation to the obligations secured, or the legality or value of the collateral cannot readily be ascertained based on information provided.

(d) The commissioner may require restatement or other relevant revision of any admitted financial guaranty insurer's annual or other financial statement or report required or permitted to be filed under this code if the commissioner finds after inquiry and review that any transaction entered into under subdivision (b) of Section 12106 has the effect of distorting, misrepresenting, or otherwise rendering inaccurate, misleading, or incomplete the financial condition of the insurer in any material respect.

(e) No credit default swap authorized or permitted to be insured, acquired, or otherwise used for any purpose by any admitted financial guaranty insurance corporation under any provision of this code shall be used in any manner for more than one purpose, or under more than one statutory authorization, unless authorized by this code.

SEC. 12. Section 12119 of the Insurance Code is amended to read:

12119. Policy forms and any amendments thereto shall be filed with the commissioner within 30 days after their use in this state by the financial guaranty insurance corporation.

(a) (1) Every policy shall provide that, in the event of a payment default or insolvency of the obligor, there shall be no acceleration of the payments required to be made under the policy with respect to guarantied obligations except at the option of the financial guaranty insurance corporation.

(2) Notwithstanding paragraph (1), the following provisions apply:

(A) A policy may insure amounts payable under a credit default swap or interest rate, currency, or other swap upon a credit event or termination event if the expected amount payable on an accelerated basis in respect of any individual obligation referenced by a credit default swap or in the aggregate under an interest rate, currency, or other swap does not exceed the single risk limits prescribed in subdivision (e) of Section 12115.

(B) A policy insuring a credit default swap referencing an obligation shall be treated as if the insurer had directly insured the referenced obligation for all other purposes of this article, including, without limitation, contingency reserve requirements, except that the currency of amounts owed under the credit default swap, rather than the currency of the obligations referenced by the credit default swap, shall apply for purposes of determining whether the obligation is a permissible guaranty under subdivision (b) of Section 12112.

(b) Every policy shall contain a statement that in the event the insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 15.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1.

(c) The commissioner may prescribe additional minimum policy provisions determined by the commissioner to be necessary or appropriate to protect policyholders, claimants, obligees, or indemnitees.

SEC. 13. Section 12121 of the Insurance Code is amended to read:

12121. (a) For financial guaranty insurance that takes effect on or after January 1, 1991, an insurer authorized to transact financial guaranty insurance shall receive credit for reinsurance as an asset or as a reduction from liabilities only if the reinsurance is placed with a reinsurer as provided in subdivision (b), and if the reinsurance agreement may be terminated or amended only if one or more of the following applies:

(1) At the option of the reinsurer or the ceding insurer if the reinsurance agreement provides that the liability of the reinsurer with respect to policies in effect at the date of termination shall continue until the expiration or cancellation of each such policy.

(2) With the consent of the ceding company, if the reinsurance agreement provides for a cutoff of the reinsurance in force as of the date of termination.

(3) At the discretion of the commissioner acting as rehabilitator, liquidator, or receiver of the ceding or assuming insurer.

(b) Reinsurance may be placed with one of the following:

(1) Another financial guaranty insurance corporation admitted pursuant to this article to transact financial guaranty insurance which may be under common control with the ceding financial guaranty insurer or financial guaranty corporation, but which does not own, and is not owned by, in whole or in part, directly or indirectly, the ceding financial guaranty insurer or financial guaranty insurance corporation.

(2) Another financial guaranty insurance corporation admitted pursuant to this article which does own, or is owned by, in whole or in part, directly or indirectly, the ceding financial guaranty insurer or financial guaranty insurance corporation provided that (A) the value of the ownership interest in either case does not exceed the greater of (i) 35 percent of its combined capital and surplus or (ii) 50 percent of the excess of its surplus over its liabilities and capital, and (B) the financial guaranty insurance corporation providing the reinsurance is rated at the time of cession and thereafter in one of the two top generic rating classifications by a securities rating agency acceptable to the commissioner.

(3) An insurer admitted to transact surety insurance but not financial guaranty insurance pursuant to this article, if the insurer meets all of the following criteria:

(A) Has and maintains combined capital and surplus of at least fifty million dollars ($50,000,000).

(B) Establishes and maintains the reserves required in Sections 12108, 12109, and 12110, except that if the reinsurance agreement is not pro rata the contribution to the contingency reserve shall be equal to 50 percent of the quarterly earned insurance premium.

(C) Complies with the provisions of subdivision (b) of Section 12114, except that its maximum aggregate assumed total net liability shall be one-half that permitted for a financial guaranty insurance corporation. For the purpose of determining compliance with this clause, the assuming reinsurer, unless at the time of cession and thereafter it is rated in one of the two top generic rating classifications by a securities rating agency acceptable to the commissioner, shall be limited to using 10 percent of its capital and surplus in making this calculation.

(D) Complies with the provisions of Section 12115.

(E) If the insurer is an affiliate, parent, or subsidiary of the financial guaranty insurance corporation, the affiliate, parent, or subsidiary shall

not assume a percentage of the corporation's total liability in excess of its percentage of equity interest in the corporation.

(F) Assumes from the financial guaranty insurance corporation and any affiliate, parent, or subsidiary that is a financial guaranty insurance corporation or an insurer writing only financial guaranty insurance as is or would be permitted by this article, and any other kinds of insurance that a financial guaranty insurance corporation may write in this state, together with all other reinsurers subject to this paragraph, less than 50 percent of the total exposures insured by the financial guaranty insurance corporation and such affiliates, parent, or subsidiaries after deducting any reinsurance placed with another financial guaranty insurance corporation that is not an affiliate, parent, or subsidiary or an insurer writing only financial guaranty insurance as is or would be permitted by this article that is not an affiliate, parent, or subsidiary.

(4) A nonadmitted insurer transacting only financial guaranty insurance as is or would be permitted by this article and that otherwise complies with the provisions of subparagraphs (A), (E), and (F) of paragraph (3), and otherwise complies with paragraph (1) or (2), and in compliance with the requirements of subdivision (b) of Section 922.4 or subdivision (a) of Section 922.5, as applicable.

(5) A nonadmitted insurer not transacting only financial guaranty insurance as is or would be permitted by this article and that complies with the provisions of subparagraphs (A), (C), (E), and (F) of paragraph (3) in an amount not exceeding the liabilities carried by the ceding financial guaranty insurance corporation and in compliance with the requirements of subdivision (b) or (c) of Section 922.4 or subdivision (a) or (c) of Section 922.5, as applicable.

(c) In determining whether the financial guaranty insurance corporation meets the limitations imposed by Section 12115, in addition to credit for other types of qualifying reinsurance, the financial guaranty insurance corporation's aggregate risk may be reduced to the extent of the limit for aggregate reinsurance but, in no event, in an amount greater than the amount of the aggregate risk that will become due during the unexpired term of the reinsurance agreement in excess of the financial guaranty insurance corporation's retention pursuant to the reinsurance agreement.

CHAPTER 413

An act to amend Section 8169.6 of the Government Code, relating to state building construction.

[Approved by Governor September 29, 2005. Filed with
Secretary of State September 29, 2005.]

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

SECTION 1. It is the intent of the Legislature to enact legislation to identify innovative methods of financing the various components of the West End Project within the Capitol Area Plan, as described in Section 8169.6 of the Government Code.

SEC. 2. Section 8169.6 of the Government Code is amended to read:

8169.6. (a) (1) In furtherance of the Capitol Area Plan, the objectives of Resolution Chapter 131 of the Statutes of 1991, and the legislative findings and declarations contained in Chapter 193 of the Statutes of 1996, relative to the findings by the Urban Land Institute, the director may purchase, exchange, or otherwise acquire real property and construct facilities, including any improvements, betterments, and related facilities, within the jurisdiction of the Capitol Area Plan in the City of Sacramento pursuant to this section. The total authorized scope of the project shall consist of approximately 1,400,000 gross square feet of office space on state-owned land in the Capitol area in downtown Sacramento on Block 204 (bounded by 7th, 8th, O, and P Streets) or Block 203 (bounded by 7th, 8th, N, and O Streets), or both of those blocks. The project shall include associated parking onsite and in a parking garage to be constructed on Block 266 (bounded by 8th, 9th, Q, and R Streets). The project cost shall include the cost of rehabilitation of the Heilbron House currently located on Block 204, and the project cost may include the cost of relocation of the Heilbron House.

(2) The project may include residential development and additional commercial space, subject to all of the following conditions:

(A) The inclusion of the residential development and additional commercial space shall not reduce the scope of the approximately 1,400,000 gross square feet of office space described in paragraph (1).

(B) The inclusion of the residential development and additional commercial space shall not expand the state's cost beyond that authorized in paragraph (3) of subdivision (b).

(C) Any cost associated with the residential space shall not be funded by any lease-revenue bonds authorized for the project.

(D) Notwithstanding subdivision (b) of Section 8169, the department may sell, lease, or otherwise transfer a portion of the parcel not used to develop the approximately 1,400,000 gross square feet of office space described in paragraph (1) to the Capitol Area Development Authority created by the joint powers agreement executed pursuant to Section

8169.4, a private developer, or both, for the residential or additional commercial development.

(E) The residential and additional commercial development may be funded and constructed by the Capitol Area Development Authority, a private developer, or both.

(F) In order to address security concerns, no part of the residential development may be included in the same structure as the approximately 1,400,000 gross square feet of office space described in paragraph (1). This restriction applies to residential living quarters, residential parking, and any utilities necessary for the residential development.

(b) (1) The department may contract for the lease, lease-purchase, lease with an option to purchase, acquisition, design, design-build, construction, deconstruction, construction management, and other services related to the design and construction of the office and parking facilities. If the director selects design-build as the method of delivery, the department shall use the method of design-build authorized by clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) of Section 14661. The State Public Works Board may issue revenue bonds, negotiable notes, or negotiable bond anticipation notes pursuant to the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3) to finance all costs associated with the acquisition, design, and construction of office and parking facilities for the purposes of this section. The State Public Works Board and the department may borrow funds for project costs from the Pooled Money Investment Account pursuant to Sections 16312 and 16313. In the event the bonds authorized by the project are not sold, the Department of General Services shall commit a sufficient amount of its support budget to repay any outstanding loans. It is the intent of the Legislature that this commitment shall be included in future Budget Acts until all outstanding loans are repaid either through the proceeds from the sale of bonds or from an appropriation.

(2) The amount of revenue bonds, negotiable notes, or negotiable bond anticipation notes to be sold may equal, but shall not exceed, the cost of land, planning, preliminary plans, working drawings or concept drawings, performance criteria, construction, deconstruction, furnishings, equipment, construction management and supervision, other costs relating to the design and construction of the facilities, exercising any purchase option, and any additional sums necessary to pay interim and permanent financing costs. The additional amount may include interest and the establishment of a reasonable construction reserve fund to ensure that the funds are available in the event future augmentations are needed to complete the facilities authorized by this section. If the construction

reserve funds are not needed to complete construction, they shall be used to repay the future debt payments.

(3) Authorized costs of the facilities for planning, concept drawings or preliminary plans, working drawings, demolition, construction, and other costs shall not exceed three hundred ninety-one million dollars ($391,000,000). Notwithstanding Section 13332.11, the State Public Works Board may authorize the augmentation of the amount authorized under this paragraph by up to 10 percent of the amount authorized.

(4) The net present value of the cost to acquire and operate the facilities authorized by subdivision (a) may not exceed the net present value of the cost to lease and operate an equivalent amount of comparable consolidated office space over the same time period. The department shall perform this analysis and shall obtain interest rates, discount rates, and Consumer Price Index figures from the Treasurer. For purposes of this analysis, the department shall compare the cost of acquiring and operating the proposed facilities with the amount saved from not having to pay the cost of leasing and operating an equivalent amount of comparable consolidated office space that would no longer need to be leased.

(5) The 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 project described in this section.

(6) 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). This paragraph does not exempt the department from the requirements of the California Environmental Quality Act. This paragraph is declarative of existing law.

CHAPTER 414

An act to amend Section 512 of the Labor Code, relating to employment.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 512 of the Labor Code is amended to read:

512. (a) An employer may not employ an employee for a work period of more than five hours per day without providing the employee with a meal period of not less than 30 minutes, except that if the total work period per day of the employee is no more than six hours, the meal period may be waived by mutual consent of both the employer and employee. An employer may not employ an employee for a work period of more than 10 hours per day without providing the employee with a second meal period of not less than 30 minutes, except that if the total hours worked is no more than 12 hours, the second meal period may be waived by mutual consent of the employer and the employee only if the first meal period was not waived.

(b) Notwithstanding subdivision (a), the Industrial Welfare Commission may adopt a working condition order permitting a meal period to commence after six hours of work if the commission determines that the order is consistent with the health and welfare of the affected employees.

(c) Subdivision (a) does not apply to an employee in the wholesale baking industry who is subject to an Industrial Welfare Commission wage order and who is covered by a valid collective bargaining agreement that provides for a 35-hour workweek consisting of five seven-hour days, payment of 1 and ½ the regular rate of pay for time worked in excess of seven hours per day, and a rest period of not less than 10 minutes every two hours.

(d) If an employee in the motion picture industry or the broadcasting industry, as those industries are defined in Industrial Welfare Commission Wage Orders 11 and 12, is covered by a valid collective bargaining agreement that provides for meal periods and includes a monetary remedy if the employee does not receive a meal period required by the agreement, then the terms, conditions, and remedies of the agreement pertaining to meal periods apply in lieu of the applicable provisions pertaining to meal periods of subdivision (a) of this section, Section 226.7, and Industrial Welfare Commission Wage Orders 11 and 12.

CHAPTER 415

An act to amend Sections 1874.1, 10234.6, 11691, 11692, 11692.5, 11693, and 11694 of, to add Sections 1872.84, 1877.2, and 11694.5 to, and to repeal Section 1660 of, the Insurance Code, relating to insurance.

[Approved by Governor September 29, 2005. Filed with
Secretary of State September 29, 2005.]

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

SECTION 1. Section 1660 of the Insurance Code is repealed.

SEC. 2. Section 1872.84 is added to the Insurance Code, to read:

1872.84. The commissioner shall ensure that the Fraud Division forwards to the appropriate disciplinary body, in addition to the names and supporting evidence of individuals described in subdivision (a) of Section 1872.83, the names, along with all supporting evidence, of any individuals licensed under the Chiropractic Initiative Act who are suspected of actively engaging in fraudulent activity.

SEC. 3. Section 1874.1 of the Insurance Code is amended to read:

1874.1. The following definitions govern the construction of this article, unless the context requires otherwise:

(a) "Authorized governmental agency" means the Department of the California Highway Patrol, the Department of Insurance, the Department of Justice, the Department of Motor Vehicles, the police department of a city, or a city and county, the sheriff's office or department of a county, a law enforcement agency of the federal government, the district attorney of any county, or city and county, and any licensing agency governed by the Business and Professions Code or the Chiropractic Initiative Act.

(b) "Relevant" means having a tendency to make the existence of any fact that is of consequence to the investigation or determination of an issue more probable or less probable than it would be without the information.

(c) Information shall be deemed important if, within the sole discretion of the authorized governmental agency, that information is requested by that authorized governmental agency.

(d) "Insurer" means the automobile assigned risk plan established pursuant to Section 11620 of the Insurance Code, as well as any insurer writing insurance for motor vehicles or otherwise liable for any loss due to motor vehicle theft or motor vehicle insurance fraud.

(e) "Motor vehicle" means motor vehicle as defined in Section 415 of the Vehicle Code.

SEC. 4. Section 1877.2 is added to the Insurance Code, to read:

1877.2. For the purposes of this article, "authorized governmental agency" includes, in addition to the entities listed in subdivision (a) of Section 1877.1, any licensing agency governed by the Chiropractic Initiative Act.

SEC. 5. Section 10234.6 of the Insurance Code is amended to read:

10234.6. (a) The commissioner shall, by June 1 of each year, jointly design the format and content of a consumer rate guide for long-term care insurance with a working group that includes representatives of the Health Insurance Counseling and Advocacy Program, the insurance industry, and insurance agents. The commissioner shall annually prepare the consumer rate guide for long-term care insurance that shall include, but not be limited to, the following information:

(1) A comparison of the different types of long-term care insurance and coverages available to California consumers.

(2) A premium history of each insurer that writes long-term care policies for all the types of long-term care insurance and coverages issued by the insurer in California.

(b) The consumer rate guide to be prepared by the commissioner shall consist of two parts: a history of the rates for all policies issued in California for the current year and for four preceding years, and a comparison of the policies, benefits, and sample premiums for all policies currently being issued for delivery in California.

(1) For the rate history portion of the rate guide required by this section, the department shall collect, and each insurer shall provide to the department, all of the following information for each long-term care policy, including all policies, whether issued by the insurer or purchased or acquired from another insurer, issued in California for the current year and for four preceding years:

(A) Company name.

(B) Policy type.

(C) Policy form identification.

(D) Dates sold.

(E) Date acquired (if applicable).

(F) Premium rate increases requested.

(G) Premium rate increases approved.

(H) Dates of premium rate increase approvals.

(I) Any other information requested by the department.

(2) For the policy comparison portion of the rate guide required by this section, the department shall collect, and each insurer shall provide to the department, the information needed to complete the following form, along with any other information requested by the department, for each long-term care policy currently issued for delivery in California, including all policies, whether issued by the insurer or purchased or acquired from another insurer:

INSURANCE COMPANY NAME	Policy Form Number
[List policy name for this form number, whether nursing home and residential care only, home care only, comprehensive, individual or group, partnership, tax or nontax qualified, all issue ages available, reimbursement or per diem.]	

Maximum Policy Benefit

[List all maximum benefit amounts in years offered and dollars.]

Nursing Home Daily Benefit Amount

[List range in which daily benefit is offered from minimum to maximum.]

Residential Care Daily Benefit Amount *

[List all percentage amounts for which residential care benefits are offered as a percentage of the nursing home daily benefit.]

Home Care Benefit Amount

[List all percentage amounts for which home care benefits are offered as a percentage of the daily nursing home benefit. Specify whether paid as daily, weekly, or monthly.]

Elimination Period

[List all days and/or amounts in which elimination periods are offered. Specify how policy counts home care service days towards elimination period.]

Inflation Protection

[List all options offered for inflation protection adjustment.]

Waiver of Premium

[List all options for comprehensive, nursing home only and home care only. Qualification rules.]

30** day elimination period
3 year maximum policy benefit / $109,000
* Other assumptions

Issue Age	$100 Daily Benefit Amount for Nursing Home & Home Care	$100 Daily Benefit Amount for Nursing Home & Home Care (with 5% compound Inflation Protection)
50		
55		
60		
65		
70		
75		
80		

Other ages may be available.

30** day elimination period
Lifetime Benefit / Unlimited
* Other assumptions

Issue Age	$100 Daily Benefit Amount for Nursing Home & Home Care	$100 Daily Benefit Amount for Nursing Home & Home Care (with 5% compound Inflation Protection)
50		
55		
60		
65		
70		
75		
80		

Other ages may be available.

* The residential care benefit is ____% of the daily nursing home benefit. If this is a comprehensive policy, the home care benefit is ____% of the daily nursing home benefit. If this is a home care only policy, the daily benefit is $ ____. [List the minimum amount available on the company's policy forms as a percentage of the daily nursing home benefit.]

Please refer to Section # for information on premium increases, if any, since 1990 for this company

[** Carrier may use 20-day elimation period if a 30-day elimination period is not offered.]

If an insurer does not offer a policy for sale that fits the criteria set forth in the sample premium portion of the policy comparison section of the rate guide, the department shall include in that section of the form for that policy a statement explaining that a policy fitting that criteria is not offered by the insurer and that the consumer may seek, from an agent, sample premium information for the insurer's policy that most closely resembles the policy in the sample.

The department shall use the format set forth in this section for the policy comparison portion of the rate guide, unless the working group convened pursuant to subdivision (a) designs an alternative format and agrees that it should be used instead.

In compiling the policy comparison portion of the rate guide, the department shall separate the group policies from the individual policies available for sale so that group policies for all insurers appear together in the guide and individual policies for all insurers appear together in the guide.

The policy comparison portion of the rate guide shall contain a cross-reference for each policy form listed indicating the page in the rate guide where rate information on the policy form can be found.

(c) The department shall publish, on the department's Internet Web site, a premium history of each insurer that writes long-term care policies for all the types of long-term care insurance and coverages issued by the insurer in each state. Each insurer shall provide to the department all of the information listed in paragraph (1) of subdivision (b) for each long-term care policy, including all policies, whether issued by the insurer or purchased or acquired from another insurer, issued in the United States for the current year and for nine preceding years.

(d) Insurers shall provide the information required pursuant to subdivisions (b) and (c) no later than July 31 of each year, commencing in 2000.

(e) The consumer rate guide shall be published no later than December 1st of each year commencing in 2000, and shall be distributed using all of the following methods:

(1) Through Health Insurance Counseling and Advocacy Program (HICAP) offices.

(2) By telephone using the department's consumer toll-free telephone number.

(3) On the department's Internet Web site.

(4) A notice in the Long-Term Care Insurance Personal Worksheet required by Section 10234.95.

(f) Notwithstanding any other provision of law, the data submitted by insurers to the department pursuant to this section are public records, and shall be open to inspection by members of the public pursuant to

the procedures of the California Public Records Act. However, a trade secret, as defined in subdivision (d) of Section 3426.1 of the Civil Code, is not subject to this subdivision.

SEC. 6. Section 11691 of the Insurance Code is amended to read:

11691. (a) In order to provide protection to the workers of this state in the event that the insurers issuing workers' compensation insurance to employers fail to pay compensable workers' compensation claims, when due, except in the case of the State Compensation Insurance Fund, every insurer desiring admission to transact workers' compensation insurance, or workers' compensation reinsurance business, or desiring to reinsure the injury, disablement, or death portions of policies of workers' compensation insurance under the class of disability insurance shall, as a prerequisite to admission, or ability to reinsure the injury, disablement, or death portion of policies of workers' compensation insurance under the class of disability insurance, deposit cash instruments or approved interest-bearing securities or approved stocks readily convertible into cash, investment certificates, or share accounts issued by a savings and loan association doing business in this state and insured by the Federal Deposit Insurance Corporation, certificates of deposit or savings deposits in a bank licensed to do business in this state, or approved letters of credit that perform in material respects as any other security allowable as a form of deposit for purposes of a workers' compensation deposit and that meet the standard set forth in Section 922.5, or approved securities registered with a qualified depository located in a reciprocal state as defined in Section 1104.9, with that deposit to be in an amount and subject to any exceptions as set forth in this article. The deposit shall be made from time to time as demanded by the commissioner and may be made with the Treasurer, or a bank or savings and loan association authorized to engage in the trust business pursuant to Division 1 (commencing with Section 99) or Division 2 (commencing with Section 5000) of the Financial Code, or a trust company. A deposit of securities registered with a qualified depository located in a reciprocal state as defined in Section 1104.9 may only be made in a bank or savings and loan association authorized to engage in the trust business pursuant to Division 1 (commencing with Section 99) or Division 2 (commencing with Section 5000) of the Financial Code, or a trust company, licensed to do business and located in this state that is a qualified custodian as defined in paragraph (1) of subdivision (a) of Section 1104.9 and that maintains deposits of at least seven hundred fifty million dollars ($750,000,000). The deposit shall be made subject to the approval of the commissioner under those rules and regulations that he or she shall promulgate. The deposit shall be maintained at a deposit value specified by the commissioner, but in any event no less than one hundred thousand

dollars ($100,000), nor less than the reserves required of the insurer to be maintained under any of the provisions of Article 1 (commencing with Section 11550) of Chapter 1 of Part 3 of Division 2, relating to loss reserves on workers' compensation business of the insurer in this state, nor less than the sum of the amounts specified in subdivision (a) of Section 11693, whichever is greater. The deposit shall be for the purpose of paying compensable workers' compensation claims under policies issued by the insurer or reinsured by the admitted reinsurer and expenses as provided in Section 11698.02, in the event the insurer or reinsurer fails to pay those claims when they come due.

(b) Each insurer or reinsurer desiring to have the ability to reinsure the injury, disablement, or death portions of policies of workers' compensation under the class of disability insurance shall provide prior notice to the commissioner, in the manner and form prescribed by the commissioner of its intent to reinsure that insurance. In the event of late notice, a late filing fee shall be imposed on the reinsurer pursuant to Section 924 for failure to notify the commissioner of its intent to reinsure workers' compensation insurance.

(c) If the deposit required by this section is not made with the Treasurer, then the depositor shall execute a trust agreement in a form approved by the commissioner between the insurer, the institution in which the deposit is made or, where applicable, the qualified custodian of the deposit, and the commissioner, that grants to the commissioner the authority to withdraw the deposit as set forth in Sections 11691.2, 11696, 11698, and 11698.3. The insurer shall also execute and deliver in duplicate to the commissioner a power of attorney in favor of the commissioner for the purposes specified herein, supported by a resolution of the depositor's board of directors. The power of attorney and director's resolution shall be on forms approved by the commissioner, shall provide that the power of attorney cannot be revoked or withdrawn without the consent of the commissioner, and shall be acknowledged as required by law.

(d) (1) The commissioner shall require payment in advance of fees for the initial filing of a trust agreement with a bank, savings and loan association, or trust company on deposits made pursuant to subdivision (a); for each amendment, supplement, or other change to the deposit agreement; for receiving and processing deposit schedules pursuant to this section; and for each withdrawal, substitution, or any other change in the deposit. The fees shall be set forth in the department's Schedule of Fees and Charges.

(2) The commissioner shall require payment in advance of a fee for the initial filing of each letter of credit utilized pursuant to subdivision (a). In addition, the commissioner shall require payment in advance of

a fee for each amendment of a letter of credit. The fees shall be set forth in the department's Schedule of Fees and Charges.

(e) Any workers' compensation insurer that deposits cash or cash equivalents pursuant to this section shall be entitled to a prompt refund of those deposits in excess of the amount determined by the commissioner pursuant to subdivision (a). The commissioner shall cause to be refunded any deposits determined by the commissioner to be in excess of the amount required by subdivision (a) within 30 days of that determination. In the alternative, an insurer may use any excess deposit funds to offset a demand by the commissioner to increase its deposit due to the failure of a reinsurer to make a deposit pursuant to this section.

(f) (1) As of January 1, 2003, an admitted insurer reinsuring business covered in this article (hereafter referred to as reinsurer) shall identify to the commissioner, in a form prescribed by the commissioner, amounts deposited for credit in the name of each ceding insurer.

(2) Beginning January 1, 2005, all reinsurance agreements covering claims and obligations under business covered by this article, and allowable for purposes of granting a ceding carrier a deposit credit, shall include a provision granting the commissioner, in the event of a delinquency proceeding, receivership, or insolvency of a ceding insurer, any sums from a reinsurer's deposit that are necessary for the commissioner to pay those reinsured claims and obligations, or to ensure their payment by the California Insurance Guarantee Association, deemed by the commissioner due under the reinsurance agreement, upon failure of the reinsurer for any reason to make payments under the policy of reinsurance. The commissioner shall give 30 days' notice prior to drawing upon these funds of an intent to do so. Notwithstanding the commissioner's right to draw on these funds, the reinsurer shall otherwise retain its right to determine the validity of those claims and obligations and to contest their payment under the reinsurance agreement. Prior to a reinsurer's deposit being drawn upon, in whole or in part, by the department, the department shall provide a reinsurer with an explanation of procedures that a reinsurer may use to explain to the department why the use of the reinsurer's deposit may not be appropriate under the reinsurance agreement.

(3) No reinsurer entering into a contract identified in paragraph (2), beginning on or after January 1, 2005, may cede claims or obligations assumed from a ceding insurer unless the deposit securing the ceded claims or obligations is governed by paragraph (2) or, upon approval of the commissioner, would secure the ceded claims or obligations in all material respects and in the same manner as a deposit identified in paragraph (2) above.

(4) All sums received from the reinsurer by the commissioner for those claims paid by the California Insurance Guarantee Association shall be held separate and apart from and not included in the general assets of the insolvent insurer, and shall be transferred to the California Insurance Guarantee Association upon receipt by the commissioner. In the event of a final judgment or settlement adverse to the drawing of funds by the commissioner pursuant to paragraph (2) or (3), the California Insurance Guarantee Association shall repay funds it obtained to pay covered claims and shall, if necessary, either levy a surcharge as needed or seek legislative approval to levy the surcharge if the California Insurance Guarantee Association is already levying the maximum surcharge permissible under law.

(g) If a reinsurer has not maintained deposits as required by subdivision (a) in amounts equal to the amounts of deposit credits claimed by its ceding insurers, the commissioner, after notifying the reinsurer and its ceding insurers of the deposit shortfall and allowing 15 days from the date of the notice for the deposit shortfall to be corrected, may disallow all or a portion of the reserve credits claimed by the ceding insurers. A ceding insurer disallowed a reserve credit pursuant to this provision shall immediately make the deposit required by this section.

(h) For interest-bearing securities that are debt securities and include principal payment features prior to maturity that are utilized pursuant to subdivision (a), all principal payments received must be retained as part of the deposit.

(i) Withdrawal of any amount of the deposit required under subdivision (a) that results in a reduction of the required amount of the deposit may only occur with the prior written consent of the commissioner.

SEC. 7. Section 11692 of the Insurance Code is amended to read:

11692. A certificate of authority to transact workers' compensation insurance in this state shall not be issued nor renewed to any insurer until the deposit required pursuant to Section 11691 is approved by the commissioner.

SEC. 8. Section 11692.5 of the Insurance Code is amended to read:

11692.5. On and after the effective date of this article, the commissioner shall collect a late filing fee from any admitted insurer or reinsurer that fails to deposit the securities when required by this code in the following amount:

(a) If the deposit shortfall is outstanding for less than 31 days, 0.5 percent of the deposit shortfall, but in no event not less than six hundred dollars ($600).

(b) If the deposit shortfall is outstanding for more than 30 days but less than 61 days, an additional late filing fee in the amount of 1 percent

of the deposit shortfall, but in no event not less than one thousand two hundred dollars ($1,200) shall be due.

(c) If the deposit shortfall is outstanding for 61 days or greater, an additional late filing fee of 1.5 percent of the deposit shortfall for every 30-day period thereafter, or fraction thereof, but in no event shall this portion of the late filing fee for each additional 30-day period or fraction thereof be less than three thousand dollars ($3,000). The late filing fees provided herein are in addition to all other rights and remedies granted the commissioner by this article.

SEC. 9. Section 11693 of the Insurance Code is amended to read:

11693. The deposit required pursuant to Section 11691 shall be adjusted on or prior to March 31 of each year in an amount as follows:

(a) Not less than the sum of the following amounts computed, less credits and deductions allowable with respect to reinsurance in admitted insurers, as provided under Section 11691, as of the close of the last preceding December 31 or as of any calendar quarter end as directed by the commissioner pursuant to Section 11694 in respect to workers' compensation insurance written subject to the workers' compensation laws of this state:

(1) The aggregate of the present values at 6 percent interest, or at the rate of the company's investment yield as determined by the NAIC Insurance Regulatory Information System Ratio Number 5 for Property and Casualty Companies, whichever is lower, of the determined and estimated future payments upon compensation claims not included in paragraph (2), including in those claims both benefits and loss expenses.

(2) The aggregate of the amounts computed as follows:

For each of the preceding three years, 65 percent of the earned compensation premiums for that year less all loss and loss expense payments made upon claims incurred in the corresponding year from that 65 percent; except that the amount for each year shall not be less than the present value at 6 percent interest of the determined and the estimated unpaid claims incurred in that year, including both benefits and loss expenses.

(b) Not less than one hundred thousand dollars ($100,000).

(c) If the aggregate amount computed under subdivision (a) exceeds fifty thousand dollars ($50,000), not more than double the aggregate amount.

(d) The commissioner may utilize securities valuation software programs or services to validate the value of securities held in workers' compensation deposits of insurers authorized to transact workers' compensation insurance in California as direct writers or reinsurers, or reinsurers of workers' compensation under the class of disability.

SEC. 10. Section 11694 of the Insurance Code is amended to read:

11694. After the first annual statement to the commissioner covering business of the insurer for a full year in this state, the deposit required pursuant to Section 11691 shall be computed from the figures shown in the last preceding report of business as of December 31, filed with the commissioner, and shall be reported to the commissioner on or before March 1 of each year in a form and manner prescribed by the commissioner. Notwithstanding anything to the contrary in this article, should the commissioner determine that there has been a material change in the insurer's ultimate liability for future payments upon compensable workers' compensation claims in this state, at the commissioner's discretion, the amount of the deposit shall then be fixed by the commissioner at the amount that he or she deems sufficient to secure the payment of the insurer's ultimate obligations on its workers' compensation insurance transacted in this state, and upon notification from the commissioner the insurer shall immediately, but in no event less than 30 days after notification, increase the deposit as directed.

SEC. 11. Section 11694.5 is added to the Insurance Code, to read:

11694.5. On or before March 1 and May 15 of each year, the insurers or reinsurers subject to Section 11694 shall file a report in the form and manner prescribed by the commissioner that valuates and details the deposit as of December 31 of the preceding year and March 31 of the current year. The commissioner may require additional reporting by any insurer or reinsurer when it is deemed necessary.

SEC. 12. Notwithstanding any other provision of law, information disclosed by insurers pursuant to the study conducted by the Insurance Commissioner required by Chapter 771 of the Statutes of 2004 shall be confidential and shall not be made public by the Department of Insurance, except that the commissioner may publish an analysis of the data in aggregate form or in a manner that does not disclose confidential information about identified insurers or insureds.

CHAPTER 416

An act to amend Section 62 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

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

(a) It is the intent of the Legislature in enacting this act to guarantee equality for all Californians, regardless of gender or sexual orientation, and to further the state's interests in protecting Californians from the potentially severe economic and social consequences of abandonment, separation, the death of a partner, and other life crises.

(b) To this end, the Legislature has enacted various statutes in an attempt to move California closer to fulfilling the promises of inalienable rights, liberty, and equality contained in Sections 1 and 7 of Article I of the California Constitution.

(c) For example, in 2002, the Legislature enacted Chapter 447 of the Statutes of 2002, effective July 1, 2003, which granted registered domestic partners the same intestate succession rights with respect to separate property as spouses. A liberal reading of Chapter 447 was intended by the Legislature and this act builds upon that framework.

(d) Many lesbian, gay, and bisexual Californians continue to face economic discrimination, despite forming lasting, committed, and caring relationships with persons of the same sex according to the laws of this state. These couples build lives together, as do spouses, by purchasing property and creating and operating family businesses. Expanding the rights of registered domestic partners with respect to property ownership would further California's interests in promoting family relationships and protecting family members during life crises, and would reduce discrimination on the bases of sex and sexual orientation in a manner consistent with the California Constitution.

SEC. 2. Section 62 of the Revenue and Taxation Code is amended to read:

62. Change in ownership shall not include:

(a) (1) Any transfer between coowners that results in a change in the method of holding title to the real property transferred without changing the proportional interests of the coowners in that real property, such as a partition of a tenancy in common.

(2) Any transfer between an individual or individuals and a legal entity or between legal entities, such as a cotenancy to a partnership, a partnership to a corporation, or a trust to a cotenancy, that results solely in a change in the method of holding title to the real property and in which proportional ownership interests of the transferors and transferees, whether represented by stock, partnership interest, or otherwise, in each and every piece of real property transferred, remain the same after the transfer. The provisions of this paragraph shall not apply to transfers also excluded from change in ownership under the provisions of subdivision (b) of Section 64.

(b) Any transfer for the purpose of perfecting title to the property.

(c) (1) The creation, assignment, termination, or reconveyance of a security interest; or (2) the substitution of a trustee under a security instrument.

(d) Any transfer by the trustor, or by the trustor's spouse, or by both, into a trust for so long as (1) the transferor is the present beneficiary of the trust, or (2) the trust is revocable; or any transfer by a trustee of such a trust described in either clause (1) or (2) back to the trustor; or, any creation or termination of a trust in which the trustor retains the reversion and in which the interest of others does not exceed 12 years duration.

(e) Any transfer by an instrument whose terms reserve to the transferor an estate for years or an estate for life. However, the termination of such an estate for years or estate for life shall constitute a change in ownership, except as provided in subdivision (d) and in Section 63.

(f) The creation or transfer of a joint tenancy interest if the transferor, after the creation or transfer, is one of the joint tenants as provided in subdivision (b) of Section 65.

(g) Any transfer of a lessor's interest in taxable real property subject to a lease with a remaining term (including renewal options) of 35 years or more. For the purpose of this subdivision, for 1979-80 and each year thereafter, it shall be conclusively presumed that all homes eligible for the homeowners' exemption, other than manufactured homes located on rented or leased land and subject to taxation pursuant to Part 13 (commencing with Section 5800), that are on leased land have a renewal option of at least 35 years on the lease of that land, whether or not in fact that renewal option exists in any contract or agreement.

(h) Any purchase, redemption, or other transfer of the shares or units of participation of a group trust, pooled fund, common trust fund, or other collective investment fund established by a financial institution.

(i) Any transfer of stock or membership certificate in a housing cooperative that was financed under one mortgage, provided that mortgage was insured under Section 213, 221(d)(3), 221(d)(4), or 236 of the National Housing Act, as amended, or that housing cooperative was financed or assisted pursuant to Section 514, 515, or 516 of the Housing Act of 1949 or Section 202 of the Housing Act of 1959, or the housing cooperative was financed by a direct loan from the California Housing Finance Agency, and provided that the regulatory and occupancy agreements were approved by the governmental lender or insurer, and provided that the transfer is to the housing cooperative or to a person or family qualifying for purchase by reason of limited income. Any subsequent transfer from the housing cooperative to a person or family not eligible for state or federal assistance in reduction of monthly carrying charges or interest reduction assistance by reason of the income level of that person or family shall constitute a change of ownership.

(j) Any transfer during the period March 1, 1975, to March 1, 1981, between coowners in any property that was held by them as coowners for all or part of that period, and which was eligible for a homeowner's exemption during the period of the coownership, notwithstanding any other provision of this chapter. Any transferee whose interest was revalued in contravention of the provisions of this subdivision shall obtain a reversal of that revaluation with respect to the 1980-81 assessment year and thereafter, upon application to the county assessor of the county in which the property is located filed on or before March 26, 1982. No refunds shall be made under this subdivision for any assessment year prior to the 1980-81 fiscal year.

(k) Any transfer of property or an interest therein between a corporation sole, a religious corporation, a public benefit corporation, and a holding corporation as defined in Section 23701h holding title for the benefit of any of these corporations, or any combination thereof (including any transfer from one entity to the same type of entity), provided that both the transferee and transferor are regulated by laws, rules, regulations, or canons of the same religious denomination.

(*l*) Any transfer, that would otherwise be a transfer subject to reappraisal under this chapter, between or among the same parties for the purpose of correcting or reforming a deed to express the true intentions of the parties, provided that the original relationship between the grantor and grantee is not changed.

(m) Any intrafamily transfer of an eligible dwelling unit from a parent or parents or legal guardian or guardians to a minor child or children or between or among minor siblings as a result of a court order or judicial decree due to the death of the parent or parents. As used in this subdivision, "eligible dwelling unit" means the dwelling unit that was the principal place of residence of the minor child or children prior to the transfer and remains the principal place of residence of the minor child or children after the transfer.

(n) Any transfer of an eligible dwelling unit, whether by will, devise, or inheritance, from a parent or parents to a child or children, or from a guardian or guardians to a ward or wards, if the child, children, ward, or wards have been disabled, as provided in subdivision (e) of Section 12304 of the Welfare and Institutions Code, for at least five years preceding the transfer and if the child, children, ward, or wards have adjusted gross income that, when combined with the adjusted gross income of a spouse or spouses, parent or parents, and child or children, does not exceed twenty thousand dollars ($20,000) in the year in which the transfer occurs. As used in this subdivision, "child" or "ward" includes a minor or an adult. As used in this subdivision, "eligible dwelling unit" means the dwelling unit that was the principal place of

residence of the child or children, or ward or wards for at least five years preceding the transfer and remains the principal place of residence of the child or children, or ward or wards after the transfer. Any transferee whose property was reassessed in contravention of the provisions of this subdivision for the 1984-85 assessment year shall obtain a reversal of that reassessment upon application to the county assessor of the county in which the property is located. Application by the transferee shall be made to the assessor no later than 30 days after the later of either the transferee's receipt of notice of reassessment pursuant to Section 75.31 or the end of the 1984-85 fiscal year.

(o) Any transfer of a possessory interest in tax-exempt real property subject to a sublease with a remaining term, including renewal options, that exceeds half the length of the remaining term of the leasehold, including renewal options.

(p) Commencing with the lien date for the 2006-07 fiscal year, any transfer between registered domestic partners, as defined in Section 297 of the Family Code, including, but not limited to:

(1) Transfers to a trustee for the beneficial use of a registered domestic partner, or the surviving registered domestic partner of a deceased transferor, or by a trustee of such a trust to the registered domestic partner of the trustor.

(2) Transfers that take effect upon the death of a registered domestic partner.

(3) Transfers to a registered domestic partner or former registered domestic partner in connection with a property settlement agreement or decree of dissolution of a registered domestic partnership or legal separation.

(4) The creation, transfer, or termination, solely between registered domestic partners, of any coowner's interest.

(5) The distribution of a legal entity's property to a registered domestic partner or former registered domestic partner in exchange for the interest of the registered domestic partner in the legal entity in connection with a property settlement agreement or a decree of dissolution of a registered domestic partnership or legal separation.

SEC. 3. Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

SEC. 4. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

CHAPTER 417

An act to amend Sections 4314 and 4315 of, and to add Section 733 to, the Business and Professions Code, relating to healing arts.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. It is the intent of the Legislature that health care professionals dispense prescription drugs and devices in a timely way or provide appropriate referrals for patients to obtain the necessary prescription drugs and devices, despite the health care professional's objection to dispensing the drugs or devices on ethical, moral, or religious grounds.

SEC. 2 Section 733 is added to the Business and Professions Code, to read:

733. (a) No licentiate shall obstruct a patient in obtaining a prescription drug or device that has been legally prescribed or ordered for that patient. A violation of this section constitutes unprofessional conduct by the licentiate and shall subject the licentiate to disciplinary or administrative action by his or her licensing agency.

(b) Notwithstanding any other provision of law, a licentiate shall dispense drugs and devices, as described in subdivision (a) of Section 4024, pursuant to a lawful order or prescription unless one of the following circumstances exists:

(1) Based solely on the licentiate's professional training and judgment, dispensing pursuant to the order or the prescription is contrary to law, or the licentiate determines that the prescribed drug or device would cause a harmful drug interaction or would otherwise adversely affect the patient's medical condition.

(2) The prescription drug or device is not in stock. If an order, other than an order described in Section 4019, or prescription cannot be dispensed because the drug or device is not in stock, the licentiate shall take one of the following actions:

(A) Immediately notify the patient and arrange for the drug or device to be delivered to the site or directly to the patient in a timely manner.

(B) Promptly transfer the prescription to another pharmacy known to stock the prescription drug or device that is near enough to the site from which the prescription or order is transferred, to ensure the patient has timely access to the drug or device.

(C) Return the prescription to the patient and refer the patient . The licentiate shall make a reasonable effort to refer the patient to a pharmacy that stocks the prescription drug or device that is near enough to the referring site to ensure that the patient has timely access to the drug or device.

(3) The licentiate refuses on ethical, moral, or religious grounds to dispense a drug or device pursuant to an order or prescription. A licentiate may decline to dispense a prescription drug or device on this basis only if the licentiate has previously notified his or her employer, in writing, of the drug or class of drugs to which he or she objects, and the licentiate's employer can, without creating undue hardship, provide a reasonable accommodation of the licentiate's objection. The licentiate's employer shall establish protocols that ensure that the patient has timely access to the prescribed drug or device despite the licentiate's refusal to dispense the prescription or order. For purposes of this section, "reasonable accommodation" and "undue hardship" shall have the same meaning as applied to those terms pursuant to subdivision (*l*) of Section 12940 of the Government Code.

(c) For the purposes of this section, "prescription drug or device" has the same meaning as the definition in Section 4022.

(d) The provisions of this section shall apply to the drug therapy described in paragraph (8) of subdivision (a) of Section 4052.

(e) This section imposes no duty on a licentiate to dispense a drug or device pursuant to a prescription or order without payment for the drug or device, including payment directly by the patient or through a third party payer accepted by the licentiate or payment of any required copayment by the patient.

SEC. 3. Section 4314 of the Business and Professions Code is amended to read:

4314. (a) The board may issue citations containing fines and orders of abatement for any violation of Section 733 or for any violation of this chapter or regulations adopted pursuant to this chapter, in accordance with Sections 125.9, 148, and 4005 and the regulations adopted pursuant to those sections.

(b) Where appropriate, a citation issued by the board, as specified in this section, may subject the person or entity to whom the citation is issued to an administrative fine.

(c) Notwithstanding any other provision of law, where appropriate, a citation issued by the board may contain an order of abatement. The order of abatement shall fix a reasonable time for abatement of the violation. It may also require the person or entity to whom the citation is issued to demonstrate how future compliance with the Pharmacy Law, and the regulations adopted pursuant thereto, will be accomplished. A

demonstration may include, but is not limited to, submission of a corrective action plan, and requiring completion of up to six hours of continuing education courses in the subject matter specified in the order of abatement. Any continuing education courses required by the order of abatement shall be in addition to those required for license renewal.

(d) Nothing in this section shall in any way limit the board from issuing a citation, fine, and order of abatement pursuant to Section 4067 or Section 56.36 of the Civil Code, and the regulations adopted pursuant to those sections.

SEC. 4. Section 4315 of the Business and Professions Code is amended to read:

4315. (a) The executive officer, or his or her designee, may issue a letter of admonishment to a licensee for failure to comply with Section 733 or for failure to comply with this chapter or regulations adopted pursuant to this chapter, directing the licensee to come into compliance.

(b) The letter of admonishment shall be in writing and shall describe in detail the nature and facts of the violation, including a reference to the statutes or regulations violated.

(c) The letter of admonishment shall inform the licensee that within 30 days of service of the order of admonishment the licensee may do either of the following:

(1) Submit a written request for an office conference to the executive officer of the board to contest the letter of admonishment.

(A) Upon a timely request, the executive officer, or his or her designee, shall hold an office conference with the licensee or the licensee's legal counsel or authorized representative. Unless so authorized by the executive officer, or his or her designee, no individual other than the legal counsel or authorized representative of the licensee may accompany the licensee to the office conference.

(B) Prior to or at the office conference, the licensee may submit to the executive officer declarations and documents pertinent to the subject matter of the letter of admonishment.

(C) The office conference is intended to be an informal proceeding and shall not be subject to the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code).

(D) The executive officer, or his or her designee, may affirm, modify, or withdraw the letter of admonishment. Within 14 calendar days from the date of the office conference, the executive officer, or his or her designee, shall personally serve or send by certified mail to the licensee's address of record with the board a written decision. This decision shall

be deemed the final administrative decision concerning the letter of admonishment.

(E) Judicial review of the decision may be had by filing a petition for a writ of mandate in accordance with the provisions of Section 1094.5 of the Code of Civil Procedure within 30 days of the date the decision was personally served or sent by certified mail. The judicial review shall extend to the question of whether or not there was a prejudicial abuse of discretion in the issuance of the letter of admonishment.

(2) Comply with the letter of admonishment and submit a written corrective action plan to the executive officer documenting compliance. If an office conference is not requested pursuant to this section, compliance with the letter of admonishment shall not constitute an admission of the violation noted in the letter of admonishment.

(d) The letter of admonishment shall be served upon the licensee personally or by certified mail at the licensee's address of record with the board. If the licensee is served by certified mail, service shall be effective upon deposit in the United States mail.

(e) The licensee shall maintain and have readily available on the pharmacy premises a copy of the letter of admonishment and corrective action plan for at least three years from the date of issuance of the letter of admonishment.

(f) Nothing in this section shall in any way limit the board's authority or ability to do either of the following:

(1) Issue a citation pursuant to Section 125.9, 148, or 4067 or pursuant to Section 1775 of Title 16 of the California Code of Regulations.

(2) Institute disciplinary proceedings pursuant to Article 19 (commencing with Section 4300).

SEC. 5. Section 4315 of the Business and Professions Code is amended to read:

4315. (a) The executive officer, or his or her designee, may issue a letter of admonishment to a licensee for failure to comply with Section 733 or for failure to comply with this chapter or regulations adopted pursuant to this chapter, directing the licensee to come into compliance.

(b) The letter of admonishment shall be in writing and shall describe in detail the nature and facts of the violation, including a reference to the statutes or regulations violated.

(c) The letter of admonishment shall inform the licensee that within 30 days of service of the order of admonishment the licensee may do either of the following:

(1) Submit a written request for an office conference to the executive officer of the board to contest the letter of admonishment.

(A) Upon a timely request, the executive officer, or his or her designee, shall hold an office conference with the licensee or the licensee's legal

counsel or authorized representative. Unless so authorized by the executive officer, or his or her designee, no individual other than the legal counsel or authorized representative of the licensee may accompany the licensee to the office conference.

(B) Prior to or at the office conference the licensee may submit to the executive officer declarations and documents pertinent to the subject matter of the letter of admonishment.

(C) The office conference is intended to be an informal proceeding and shall not be subject to the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code).

(D) The executive officer, or his or her designee, may affirm, modify, or withdraw the letter of admonishment. Within 14 calendar days from the date of the office conference, the executive officer, or his or her designee, shall personally serve or send by certified mail to the licensee's address of record with the board a written decision. This decision shall be deemed the final administrative decision concerning the letter of admonishment.

(E) Judicial review of the decision may be had by filing a petition for a writ of mandate in accordance with the provisions of Section 1094.5 of the Code of Civil Procedure within 30 days of the date the decision was personally served or sent by certified mail. The judicial review shall extend to the question of whether or not there was a prejudicial abuse of discretion in the issuance of the letter of admonishment.

(2) Comply with the letter of admonishment and submit a written corrective action plan to the executive officer documenting compliance. If an office conference is not requested pursuant to this section, compliance with the letter of admonishment shall not constitute an admission of the violation noted in the letter of admonishment.

(d) The letter of admonishment shall be served upon the licensee personally or by certified mail at the licensee's address of record with the board. If the licensee is served by certified mail, service shall be effective upon deposit in the United States mail.

(e) The licensee shall maintain and have readily available a copy of the letter of admonishment and corrective action plan, if any, for at least three years from the date of issuance of the letter of admonishment.

(f) Nothing in this section shall in any way limit the board's authority or ability to do either of the following:

(1) Issue a citation pursuant to Section 125.9, 148, or 4067 or pursuant to Section 1775 of Title 16 of the California Code of Regulations.

(2) Institute disciplinary proceedings pursuant to Article 19 (commencing with Section 4300).

SEC. 6. Section 5 of this bill incorporates amendments to Section 4315 of the Business and Professions Code proposed by both this bill and Senate Bill 1111. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2006, (2) each bill amends Section 4315 of the Business and Professions Code, and (3) this bill is enacted after Senate Bill 1111, in which case Section 4 of this bill shall not become operative.

CHAPTER 418

An act to amend Sections 22007.5, 22171, 22650, 22651, 24300.6, 24307, 25000.9, 26002.5, 26140, 27400, and 27401 of the Education Code, to amend Sections 22771, 22775, 22818, and 22819 of, to add Sections 21291.5, 21626.5, and 31760.7 to, and to repeal Sections 22818.5, 22887, 22887.5, 22903, 22903.5, and 22929 of, the Government Code, and to amend Sections 1900, 1901, and 2351.5 of the Probate Code, relating to domestic partners, and making an appropriation therefor.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. It is the intent of the Legislature to ensure the proper implementation by California's public pension systems of Assembly Bill 205 (Chapter 421 of the Statutes of 2003), which provided domestic partners with many of the same rights and responsibilities as those currently held by spouses. Because of the gradual expansion of domestic partner rights under California law, some clarification is necessary in order to implement Assembly Bill 205 as it was intended and so as not to conflict with other statutes governing the administration of complex public employee benefit programs.

SEC. 2. Section 22007.5 of the Education Code is amended to read:

22007.5. Except as excluded by Sections 22661 and 23812, a person who is the registered domestic partner of a member, as established pursuant to Section 297 or 299.2 of the Family Code, shall be treated in the same manner as a "spouse," as defined in Section 22171.

SEC. 3. Section 22171 of the Education Code is amended to read:

22171. (a) "Spouse" means a person who was continuously married to the member for the period beginning at least 12 months prior to the

death of the member, unless a child is born to the member and his or her spouse within the 12-month period or unless the spouse is carrying the member's unborn child.

(b) "Spouse" also means a person who was married to the member for less than 12 months, if the member's death was either accidental, or due to an illness, and the marriage took place prior to the occurrence of the injury or diagnosis of the illness that resulted in death.

(1) A member's death is defined as accidental only if he or she received bodily injuries through violent, external, or accidental means and died as a direct result of the bodily injuries and independent of all other causes.

(2) This subdivision does not apply if, at the time of the marriage, the member could not have reasonably been expected to live for 12 months.

(c) Except as excluded by Sections 22661 and 23812, a person who is the registered domestic partner of a member, as established pursuant to Section 297 or 299.2 of the Family Code, shall be treated in the same manner as a spouse.

SEC. 4. Section 22650 of the Education Code is amended to read:

22650. (a) This chapter establishes the power of a court in a dissolution of marriage or legal separation action with respect to community property rights in accounts with the plan under this part and establishes and defines the rights of nonmember spouses and nonmember registered domestic partners in the plan under this part.

(b) For purposes of this chapter, the termination, dissolution, or nullity of a registered domestic partnership, or the legal separation of partners in a registered domestic partnership, as provided in Section 299 of the Family Code, shall be treated in the same manner as a dissolution of marriage or legal separation of a member and his or her spouse.

SEC. 5. Section 22651 of the Education Code is amended to read:

22651. (a) For purposes of this chapter and Section 23300, "nonmember spouse" means a member's spouse or former spouse, and also includes a member's registered domestic partner or former registered domestic partner, 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.

(b) For purposes of this chapter and Section 23300, a member's registered domestic partner or former registered domestic partner 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 shall be treated in the same manner as a nonmember spouse.

(c) A nonmember spouse shall 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:

(1) 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.

(2) 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. 6. Section 24300.6 of the Education Code is amended to read:

24300.6. (a) Any retired member who was unmarried and not in a registered domestic partnership on the effective date of retirement who did not elect an option pursuant to Section 24300, and who thereafter marries or registers in a domestic partnership, may, after the effective date of the member's retirement under this part, elect an option described in paragraphs (1) to (6), inclusive, of subdivision (a) of Section 24300, naming his or her new spouse or registered domestic partner as the option beneficiary, subject to all of the following:

(1) The retired member shall have been married or registered in a domestic partnership for at least one year prior to making the election of the option.

(2) The retired member shall notify the board, in writing on a form provided by the system, of the election of the option and the designation of the member's new spouse or registered domestic partner as the option beneficiary.

(3) The election of an option under this section is subject to approval by the board. A retired member may not elect a joint and survivor option that would result in any additional liability to the retirement fund. A retired member may not elect Option 8.

(4) The election shall be effective six months after the date the notification is received by the board, provided that both the retired member and the retired member's designated spouse or registered domestic partner are then living.

(b) The election of the option and designation of the option beneficiary under this section shall result in an actuarial modification of the member's retirement allowance that shall be payable through the life of the member and the member's new spouse or registered domestic partner. Modification of the member's retirement allowance pursuant to this section shall be based on the ages of the retired member and the retired member's new spouse or registered domestic partner as of the effective date of the election.

(c) This section shall be operative July 1, 2001.

SEC. 7. Section 24307 of the Education Code is amended to read:

24307. (a) A member who qualifies to apply for retirement under Section 24201 or 24203 may make a preretirement election of an option, as provided in Section 24300 without right of revocation or change after the effective date of retirement, except as provided in this part. The preretirement election of an option shall become effective as of the date of the member's signature on a properly executed form prescribed by the system, subject to the following requirements:

(1) The form includes the signature of the member's spouse or registered domestic partner, if applicable, the signature is dated, and the date of the signature is within 30 days of the member's signature.

(2) The date the form is received at the system's headquarters office, as established pursuant to Section 22375, is within 30 days of the date of the member's signature and within 30 days of the date of the spouse or registered domestic partner's signature, if applicable.

(b) A member who makes a preretirement election of an Option 2, Option 3, Option 4, Option 5, Option 6, or Option 7 may subsequently make a preretirement election of Option 8. The member may retain the same option and the same option beneficiary as named in the prior preretirement election, as an option under Option 8.

(c) Upon the member's death prior to the effective date of retirement, the beneficiary who was designated under the option elected and who survives shall receive an allowance calculated under the option, under the assumption that the member retired for service pursuant to Chapter 27 (commencing with Section 24201) on the date of death. The payment of the allowance to the option beneficiary shall be in lieu of the family allowance provided in Section 23804, the payment provided in paragraph (1) of subdivision (a) of Section 23802, the survivor benefit allowance provided in Section 23854, and the payment provided in subdivisions (a) and (b) of Section 23852, except that if the beneficiary dies before all of the member's accumulated retirement contributions are paid, the balance, if any, shall be paid to the estate of the person last receiving or entitled to receive the allowance. The accumulated annuity deposit contributions and the death payment provided in Sections 23801 and 23851 shall be paid to the beneficiary in a lump sum.

(d) If the member subsequently retires for service, and the elected option has not been canceled pursuant to Section 24309, a modified service retirement allowance computed under Section 24300 and the option elected shall be paid.

(e) The amount of the service retirement allowance prior to applying the option factor shall be calculated as of the earlier of the member's age at death before retirement or age on the last day of the month in

which the member requested service retirement be effective. The modification of the service retirement allowance under the option elected shall be based on the ages of the member and the beneficiary designated under the option, as of the date the election was signed.

(f) A member who terminates the service retirement allowance pursuant to Section 24208 shall not be eligible to file a preretirement election of an option until one calendar year elapses from the date the allowance is terminated.

(g) The system shall inform members who are qualified to make a preretirement election of an option, through the annual statements of account, that the election of an option can be made.

(h) This section shall become operative on January 1, 2000.

SEC. 8. Section 25000.9 of the Education Code is amended to read:

25000.9. (a) For purposes of this chapter and Section 23300, "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.

(b) For purposes of this chapter and Section 23300, a member's registered domestic partner or former registered domestic partner 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 shall be treated in the same manner as a nonmember spouse.

(c) 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, dissolution of marriage, or dissolution of domestic partnership:

(1) 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.

(2) 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. 9. Section 26002.5 of the Education Code is amended to read:

26002.5. Except as excluded in Sections 26004 and 27406, a person who is the registered domestic partner of a member, as established pursuant to Section 297 or 299.2 of the Family Code, shall be treated in the same manner as a "spouse," as defined in Section 26140.

SEC. 10. Section 26140 of the Education Code is amended to read:

26140. (a) "Spouse" means the person married to the participant on the date the participant files a beneficiary designation, or an application for a benefit, or on the date of the participant's death.

(b) Except as excluded in Sections 26004 and 27406, a person who is the registered domestic partner of the participant, as established pursuant to Section 297 or 299.2 of the Family Code, on the date the participant files a beneficiary designation or an application for a benefit, or on the date of the participant's death, shall be treated in the same manner as a spouse.

SEC. 11. Section 27400 of the Education Code is amended to read:

27400. (a) This chapter establishes the power of a court in a dissolution of marriage or legal separation action with respect to community property rights in benefits under this part and defines the rights of nonparticipant spouses in the Cash Balance Benefit Program.

(b) For purposes of this chapter, the termination, dissolution, or nullity of a registered domestic partnership, or the legal separation of partners in a registered domestic partnership, as provided in Section 299 of the Family Code, shall be treated in the same manner as a dissolution of marriage or legal separation of a member and his or her spouse.

SEC. 12. Section 27401 of the Education Code is amended to read:

27401. (a) For purposes of this chapter, "nonparticipant spouse" means a participant's spouse or former spouse who is being or has been awarded a community property interest in the benefits determined by reference to the amounts credited to a participant's employee and employer accounts or the participant's annuity. A nonparticipant spouse who is awarded separate nominal accounts is not a participant in the Cash Balance Benefit Program. A nonparticipant spouse who receives or is awarded an interest in a participant's annuity is not a participant in the Cash Balance Benefit Program.

(b) For purposes of this chapter, a participant's registered domestic partner or former registered domestic partner who is being or has been awarded a community property interest in the benefits determined by reference to the amounts credited to a participant's employee and employer accounts or the participant's annuity shall be treated in the same manner as a nonparticipant spouse.

SEC. 13. Section 21291.5 is added to the Government Code, to read:

21291.5. Notwithstanding any other provision of this article, a spouse or registered domestic partner who is not an alternate payee, as defined in Section 414(p)(8) of the Internal Revenue Code (26 U.S.C. Sec. 401 et seq.) shall not receive a distribution until the member separates from employment.

SEC. 14. Section 21626.5 is added to the Government Code, to read:

21626.5. For purposes of Section 21624, 21626, 21627, 21629, or 21630, a surviving domestic partner shall be treated in the same manner as a surviving spouse if either:

(a) The domestic partnership was registered for one year prior to the member's service retirement date or at the disability retirement date and continuously until the date of the member's death.

(b) The member retired prior to January 1, 2006, and both the member and his or her domestic partner, who currently are in a state-registered domestic partnership, sign an affidavit stating that, at the time prescribed by the retirement system for married spouses to qualify for survivor continuance, the member and the domestic partner would have qualified to be registered as domestic partners pursuant to Section 297 of the Family Code.

SEC. 15. Section 22771 of the Government Code is amended to read:

22771. A "domestic partnership" means either of the following:

(a) Two people who meet all of the criteria set forth in Section 297 or 299.2 of the Family Code.

(b) Two people who meet all of the criteria of a domestic partnership, as defined by the governing board of a contracting agency, if the contracting agency adopted that definition prior to January 1, 2000.

SEC. 16. Section 22775 of the Government Code is amended to read:

22775. "Family member" means an employee's or annuitant's spouse or domestic partner and any unmarried child, including an adopted child, a stepchild, or recognized natural child. The board shall, by regulation, prescribe age limits and other conditions and limitations pertaining to unmarried children.

SEC. 17. Section 22818 of the Government Code is amended to read:

22818. (a) In order to receive any benefit provided by this part, an employee or annuitant shall provide, upon request of the board, any of the following:

(1) Proof in a manner designated by the board that the employee or annuitant and his or her domestic partner have filed a valid Declaration of Domestic Partnership pursuant to Section 298.5 of the Family Code or have established a valid domestic partnership, as defined by his or her contracting agency in accordance with subdivision (b) of Section 22771.

(2) A marriage certificate.

(3) A signed statement indicating that the employee or annuitant agrees that he or she may be required to reimburse the employer, the health benefit plan, and the system for any expenditures made for medical claims, processing fees, administrative expenses, and attorney's fees on behalf of the family member, if any of the submitted documentation is found to be inaccurate or fraudulent.

(b) The employee or annuitant shall notify the employer or the board when a marriage is dissolved or a domestic partnership has terminated, as required by subdivision (c) of Section 299 of the Family Code, or as required by his or her contracting agency in accordance with subdivision (b) of Section 22771.

SEC. 18. Section 22818.5 of the Government Code is repealed.

SEC. 19. Section 22819 of the Government Code is amended to read:

22819. (a) A family member of a deceased employee of a contracting agency who is validly enrolled or is eligible for enrollment hereunder on the date of the employee's death is deemed to be an annuitant under Section 22760, pursuant to regulations prescribed by the board.

(b) A contracting agency shall remit the amounts required under Section 22901 as well as the total amount of the premium required from the employer and enrollees hereunder in accordance with regulations of the board. Enrollment of the annuitant and eligible family members shall be continuous following the death of the employee, or the effective date of enrollment, so long as the surviving family members meet the eligibility requirements of Section 22775 and regulations pertinent thereto. Failure to timely pay the required premiums and costs or the cancellation of coverage by the annuitant shall terminate coverage without the option to reenroll. The contracting agency may elect to require the family members to pay all or any part of the employer premium for enrollment.

(c) This section shall apply to a contracting agency only upon the filing with the board of a resolution of its governing board electing to be subject to this section.

SEC. 20. Section 22887 of the Government Code is repealed.

SEC. 21. Section 22887.5 of the Government Code is repealed.

SEC. 22. Section 22903 of the Government Code is repealed.

SEC. 23. Section 22903.5 of the Government Code is repealed.

SEC. 24. Section 22929 of the Government Code is repealed.

SEC. 25. Section 31760.7 is added to the Government Code, to read:

31760.7. (a) A retired member, in order to provide for his or her domestic partner, shall be entitled to elect or change any optional retirement allowance pursuant to this article, if all of the following criteria are satisfied:

(1) The member retired on or before January 1, 2006.

(2) At retirement, the member elected an unmodified retirement allowance or one of the optional settlements specified in this article naming his or her domestic partner as beneficiary.

(3) At the time of election under this section, the retired member and domestic partner are registered as domestic partners with the Secretary

of State, and provide a copy of their Certificate of Registered Domestic Partnership to the retirement system.

(4) The retired member and domestic partner sign an affidavit under penalty of perjury stating that at least one year prior to the member's service retirement effective date or at the disability retirement date the member and partner would have qualified to be registered as domestic partners pursuant to Section 297 of the Family Code.

(b) The retirement system has no obligation to locate or otherwise contact retired members who may qualify for allowances under the terms of this section.

(c) Notwithstanding any other provision of this chapter, if a retired member elects to change his or her retirement election pursuant to this section, the member's allowance shall be adjusted prospectively only. The adjusted retirement allowance shall be effective on the first day of the month following receipt of the member's signed election. The member shall not be eligible to recover payment retroactively for any period between his or her retirement effective date and the date of election under this section.

(d) This section does not apply to members who are required to provide a continuing benefit to a former spouse pursuant to court order.

(e) The right of a member to make an election pursuant to this section shall expire on January 1, 2007.

SEC. 26. Section 1900 of the Probate Code is amended to read:

1900. The appointment of a conservator of the person or estate or both does not affect the capacity of the conservatee to marry or to enter into a registered domestic partnership.

SEC. 27. Section 1901 of the Probate Code is amended to read:

1901. (a) The court may by order determine whether the conservatee has the capacity to enter into a valid marriage, as provided in Part 1 (commencing with Section 300) of Division 3 of the Family Code, or to enter into a registered domestic partnership, as provided in Section 297 of the Family Code, at the time the order is made.

(b) A petition for an order under this section may be filed by the conservator of the person or estate or both, the conservatee, any relative or friend of the conservatee, or any interested person.

(c) Notice of the hearing on the petition shall be given for the period and in the manner provided in Chapter 3 (commencing with Section 1460) of Part 1.

SEC. 28. Section 2351.5 of the Probate Code is amended to read:

2351.5. (a) Subject to subdivision (b):

(1) The limited conservator has the care, custody, and control of the limited conservatee.

(2) The limited conservator shall secure for the limited conservatee those habilitation or treatment, training, education, medical and psychological services, and social and vocational opportunity as appropriate and as will assist the limited conservatee in the development of maximum self-reliance and independence.

(b) A limited conservator does not have any of the following powers or controls over the limited conservatee unless those powers or controls are specifically requested in the petition for appointment of a limited conservator and granted by the court in its order appointing the limited conservator:

(1) To fix the residence or specific dwelling of the limited conservatee.

(2) Access to the confidential records and papers of the limited conservatee.

(3) To consent or withhold consent to the marriage of, or the entrance into a registered domestic partnership by, the limited conservatee.

(4) The right of the limited conservatee to contract.

(5) The power of the limited conservatee to give or withhold medical consent.

(6) The limited conservatee's right to control his or her own social and sexual contacts and relationships.

(7) Decisions concerning the education of the limited conservatee.

(c) Any limited conservator, the limited conservatee, or any relative or friend of the limited conservatee may apply by petition to the superior court of the county in which the proceedings are pending to have the limited conservatorship modified by the elimination or addition of any of the powers which must be specifically granted to the limited conservator pursuant to subdivision (b). The petition shall state the facts alleged to establish that the limited conservatorship should be modified. The granting or elimination of those powers is discretionary with the court. Notice of the hearing on the petition shall be given for the period and in the manner provided in Chapter 3 (commencing with Section 1460) of Part 1.

(d) The limited conservator or any relative or friend of the limited conservatee may appear and oppose the petition. The court shall hear and determine the matter according to the laws and procedures relating to the trial of civil actions, including trial by jury if demanded. If any of the powers which must be specifically granted to the limited conservator pursuant to subdivision (b) are granted or eliminated, new letters of limited conservatorship shall be issued reflecting the change in the limited conservator's powers.

SEC. 29. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will

be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 419

An act to add Section 1374.17 to the Health and Safety Code, and to add Section 10123.21 to the Insurance Code, relating to health care coverage.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 1374.17 is added to the Health and Safety Code, to read:

1374.17. (a) A health care service plan shall not deny coverage that is otherwise available under the plan contract for the costs of solid organ or other tissue transplantation services based upon the enrollee or subscriber being infected with the human immunodeficiency virus.

(b) Notwithstanding any other provision of law, in the provision of benefits required by this section, a health care service plan may utilize case management, network providers, utilization review techniques, prior authorization, copayments, or other cost sharing, subject to the terms and conditions of the plan contract and consistent with sound clinical processes and guidelines.

SEC. 2. Section 10123.21 is added to the Insurance Code, to read:

10123.21. (a) A health insurer shall not deny coverage that is otherwise available under the health insurance policy for the costs of solid organ or other tissue transplantation services based upon the insured or policyholder being infected with the human immunodeficiency virus.

(b) Notwithstanding any other provision of law, in the provision of benefits required by this section, a health insurer may utilize case management, managed care, or utilization review, subject to the terms and conditions of the policy and consistent with sound clinical processes and guidelines.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred

because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 420

An act to amend Sections 51, 51.5, 51.7, 51.8, and 53 of the Civil Code, relating to civil rights.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. This act shall be known and may be cited as "The Civil Rights Act of 2005."

SEC. 2. The Legislature finds and declares as follows:

(a) Even prior to passage of the Unruh Civil Rights Act, California law afforded broad protection against arbitrary discrimination by business establishments. The Unruh Civil Rights Act was enacted to provide broader, more effective protection against arbitrary discrimination. California's interest in preventing that discrimination is longstanding and compelling.

(b) In keeping with that history and the legislative history of the Unruh Civil Rights Act, California courts have interpreted the categories enumerated in the act to be illustrative rather than restrictive. It is the intent of the Legislature that these enumerated bases shall continue to be construed as illustrative rather than restrictive.

(c) The Legislature affirms that the bases of discrimination prohibited by the Unruh Civil Rights Act include, but are not limited to, marital status and sexual orientation, as defined herein. By specifically enumerating these bases in the Unruh Civil Rights Act, the Legislature intends to clarify the existing law, rather than to change the law, as well as the principle that the bases enumerated in the act are illustrative rather than restrictive.

(d) It is the intent of the Legislature that the amendments made to the Unruh Civil Rights Act by this act do not affect the California Supreme Court's rulings in Marina Point, Ltd. v. Wolfson (1982) 30 Cal.3d 721 and O'Connor v. Village Green Owners Association (1983) 33 Cal.3d 790.

SEC. 3. Section 51 of the Civil Code is amended to read:

51. (a) This section shall be known, and may be cited, as the Unruh Civil Rights Act.

(b) All persons within the jurisdiction of this state are free and equal, and no matter what their sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation are entitled to the full and equal accommodations, advantages, facilities, privileges, or services in all business establishments of every kind whatsoever.

(c) This section shall not be construed to confer any right or privilege on a person that is conditioned or limited by law or that is applicable alike to persons of every sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation.

(d) Nothing in this section shall be construed to require any construction, alteration, repair, structural or otherwise, or modification of any sort whatsoever, beyond that construction, alteration, repair, or modification that is otherwise required by other provisions of law, to any new or existing establishment, facility, building, improvement, or any other structure, nor shall anything in this section be construed to augment, restrict, or alter in any way the authority of the State Architect to require construction, alteration, repair, or modifications that the State Architect otherwise possesses pursuant to other laws.

(e) For purposes of this section:

(1) "Disability" means any mental or physical disability as defined in Sections 12926 and 12926.1 of the Government Code.

(2) "Medical condition" has the same meaning as defined in subdivision (h) of Section 12926 of the Government Code.

(3) "Religion" includes all aspects of religious belief, observance, and practice.

(4) "Sex" has the same meaning as defined in subdivision (p) of Section 12926 of the Government Code.

(5) "Sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation" includes a perception that the person has any particular characteristic or characteristics within the listed categories or that the person is associated with a person who has, or is perceived to have, any particular characteristic or characteristics within the listed categories.

(6) "Sexual orientation" has the same meaning as defined in subdivision (q) of Section 12926 of the Government Code.

(f) A violation of the right of any individual under the Americans with Disabilities Act of 1990 (Public Law 101-336) shall also constitute a violation of this section.

SEC. 4. Section 51.5 of the Civil Code is amended to read:

51.5. (a) No business establishment of any kind whatsoever shall discriminate against, boycott or blacklist, or refuse to buy from, contract with, sell to, or trade with any person in this state on account of any characteristic listed or defined in subdivision (b) or (e) of Section 51, or of the person's partners, members, stockholders, directors, officers, managers, superintendents, agents, employees, business associates, suppliers, or customers, because the person is perceived to have one or more of those characteristics, or because the person is associated with a person who has, or is perceived to have, any of those characteristics.

(b) As used in this section, "person" includes any person, firm, association, organization, partnership, business trust, corporation, limited liability company, or company.

(c) This section shall not be construed to require any construction, alteration, repair, structural or otherwise, or modification of any sort whatsoever, beyond that construction, alteration, repair, or modification that is otherwise required by other provisions of law, to any new or existing establishment, facility, building, improvement, or any other structure, nor shall this section be construed to augment, restrict, or alter in any way the authority of the State Architect to require construction, alteration, repair, or modifications that the State Architect otherwise possesses pursuant to other laws.

SEC. 5. Section 51.7 of the Civil Code is amended to read:

51.7. (a) All persons within the jurisdiction of this state have the right to be free from any violence, or intimidation by threat of violence, committed against their persons or property because of political affiliation, or on account of any characteristic listed or defined in subdivision (b) or (e) of Section 51, or position in a labor dispute, or because another person perceives them to have one or more of those characteristics. The identification in this subdivision of particular bases of discrimination is illustrative rather than restrictive.

(b) This section does not apply to statements concerning positions in a labor dispute which are made during otherwise lawful labor picketing.

SEC. 6. Section 51.8 of the Civil Code is amended to read:

51.8. (a) No franchisor shall discriminate in the granting of franchises solely on account of any characteristic listed or defined in subdivision (b) or (e) of Section 51 of the franchisee and the composition of a neighborhood or geographic area reflecting any characteristic listed or defined in subdivision (b) or (e) of Section 51 in which the franchise is located. Nothing in this section shall be interpreted to prohibit a franchisor from granting a franchise to prospective franchisees as part of a program or programs to make franchises available to persons lacking the capital, training, business experience, or other qualifications ordinarily

required of franchisees, or any other affirmative action program adopted by the franchisor.

(b) Nothing in this section shall be construed to require any construction, alteration, repair, structural or otherwise, or modification of any sort whatsoever, beyond that construction, alteration, repair, or modification that is otherwise required by other provisions of law, to any new or existing establishment, facility, building, improvement, or any other structure, nor shall anything in this section be construed to augment, restrict, or alter in any way the authority of the State Architect to require construction, alteration, repair, or modifications that the State Architect otherwise possesses pursuant to other laws.

SEC. 7. Section 53 of the Civil Code is amended to read:

53. (a) Every provision in a written instrument relating to real property that purports to forbid or restrict the conveyance, encumbrance, leasing, or mortgaging of that real property to any person because of any characteristic listed or defined in subdivision (b) or (e) of Section 51 is void, and every restriction or prohibition as to the use or occupation of real property because of any characteristic listed or defined in subdivision (b) or (e) of Section 51 is void.

(b) Every restriction or prohibition, whether by way of covenant, condition upon use or occupation, or upon transfer of title to real property, which restriction or prohibition directly or indirectly limits the acquisition, use or occupation of that property because of any characteristic listed or defined in subdivision (b) or (e) of Section 51 is void.

(c) In any action to declare that a restriction or prohibition specified in subdivision (a) or (b) is void, the court shall take judicial notice of the recorded instrument or instruments containing the prohibitions or restrictions in the same manner that it takes judicial notice of the matters listed in Section 452 of the Evidence Code.

CHAPTER 421

An act to amend Section 1365.5 of the Health and Safety Code, and to amend Section 10140 of the Insurance Code, relating to insurance.

[Approved by Governor September 29, 2005. Filed with Secretary of State September 29, 2005.]

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

SECTION 1. Section 1365.5 of the Health and Safety Code is amended to read:

1365.5. (a) No health care service plan or specialized health care service plan shall refuse to enter into any contract or shall cancel or decline to renew or reinstate any contract because of the race, color, national origin, ancestry, religion, sex, marital status, sexual orientation, or age of any contracting party, prospective contracting party, or person reasonably expected to benefit from that contract as a subscriber, enrollee, member, or otherwise.

(b) The terms of any contract shall not be modified, and the benefits or coverage of any contract shall not be subject to any limitations, exceptions, exclusions, reductions, copayments, coinsurance, deductibles, reservations, or premium, price, or charge differentials, or other modifications because of the race, color, national origin, ancestry, religion, sex, marital status, sexual orientation, or age of any contracting party, potential contracting party, or person reasonably expected to benefit from that contract as a subscriber, enrollee, member, or otherwise; except that premium, price, or charge differentials because of the sex or age of any individual when based on objective, valid, and up-to-date statistical and actuarial data are not prohibited. Nothing in this section shall be construed to permit a health care service plan to charge different premium rates to individual enrollees within the same group solely on the basis of the enrollee's sex.

(c) It shall be deemed a violation of subdivision (a) for any health care service plan to utilize marital status, living arrangements, occupation, sex, beneficiary designation, ZIP Codes or other territorial classification, or any combination thereof for the purpose of establishing sexual orientation. Nothing in this section shall be construed to alter in any manner the existing law prohibiting health care service plans from conducting tests for the presence of human immunodeficiency virus or evidence thereof.

(d) This section shall not be construed to limit the authority of the director to adopt or enforce regulations prohibiting discrimination because of sex, marital status, or sexual orientation.

(e) "Sex" as used in this section shall have the same meaning as "gender," as defined in Section 422.56 of the Penal Code.

SEC. 2. Section 10140 of the Insurance Code is amended to read:

10140. (a) No admitted insurer, licensed to issue life or disability insurance, shall fail or refuse to accept an application for that insurance, to issue that insurance to an applicant therefor, or issue or cancel that insurance, under conditions less favorable to the insured than in other

comparable cases, except for reasons applicable alike to persons of every race, color, religion, sex, national origin, ancestry, or sexual orientation. Race, color, religion, national origin, ancestry, or sexual orientation shall not, of itself, constitute a condition or risk for which a higher rate, premium, or charge may be required of the insured for that insurance. Unless otherwise prohibited by law, premium, price, or charge differentials because of the sex of any individual when based on objective, valid, and up-to-date statistical and actuarial data or sound underwriting practices are not prohibited.

(b) Except as otherwise permitted by law, no admitted insurer, licensed to issue disability insurance policies for hospital, medical, and surgical expenses, shall fail or refuse to accept an application for that insurance, fail or refuse to issue that insurance to an applicant therefor, cancel that insurance, refuse to renew that insurance, charge a higher rate or premium for that insurance, or offer or provide different terms, conditions, or benefits, or place a limitation on coverage under that insurance, on the basis of a person's genetic characteristics that may, under some circumstances, be associated with disability in that person or that person's offspring.

(c) No admitted insurer, licensed to issue disability insurance for hospital, medical, and surgical expenses, shall seek information about a person's genetic characteristics for any nontherapeutic purpose.

(d) No discrimination shall be made in the fees or commissions of agents or brokers for writing or renewing a policy of disability insurance, other than disability income, on the basis of a person's genetic characteristics that may, under some circumstances, be associated with disability in that person or that person's offspring.

(e) It shall be deemed a violation of subdivision (a) for any insurer to consider sexual orientation in its underwriting criteria or to utilize marital status, living arrangements, occupation, sex, beneficiary designation, ZIP Codes or other territorial classification within this state, or any combination thereof for the purpose of establishing sexual orientation or determining whether to require a test for the presence of the human immunodeficiency virus or antibodies to that virus, where that testing is otherwise permitted by law. Nothing in this section shall be construed to alter, expand, or limit in any manner the existing law respecting the authority of insurers to conduct tests for the presence of human immunodeficiency virus or evidence thereof.

(f) This section shall not be construed to limit the authority of the commissioner to adopt regulations prohibiting discrimination because of sex, marital status, or sexual orientation or to enforce these regulations, whether adopted before or on or after January 1, 1991.

(g) "Genetic characteristics" as used in this section shall have the same meaning as defined in Section 10123.3.

(h) "Sex" as used in this section shall have the same meaning as "gender," as defined in Section 422.56 of the Penal Code.

SEC. 3. This act is not intended to mandate that health care service plans or insurers must provide coverage for any particular benefit, nor is it intended to prohibit sound underwriting practices or criteria based on objective, valid, and up-to-date statistical and actuarial data. Rather, the purpose of this act is to prohibit plans and insurers from denying an individual a plan contract or policy, or coverage for a benefit included in the contract or policy, based on the person's sex, as defined.

CHAPTER 422

An act relating to nonprobate transfers.

[Approved by Governor September 30, 2005. Filed with Secretary of State September 30, 2005.]

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

SECTION 1. (a) The California Law Revision Commission shall study the effect of California's nonprobate transfer provisions and shall study statutes in other states that establish beneficiary deeds as a means of conveying real property through nonprobate transfers. The objective of the study shall be to determine whether legislation establishing beneficiary deeds should be enacted in California. The commission shall report all of its findings to the Legislature on or before January 1, 2007. If the commission recommends that the Legislature adopt a statutory scheme establishing beneficiary deeds as a means of conveying real property, the commission shall recommend the content of the proposed statute.

(b) The commission shall address all of the following in the study described in subdivision (a):

(1) Whether and when a beneficiary deed would be the most appropriate nonprobate transfer mechanism to use, if a beneficiary deed should be recorded or held by the grantor or grantee until the time of death, and, if not recorded, whether a potential for fraud is created.

(2) What effect the recordation of a beneficiary deed would have on the transferor's property rights after recordation.

(3) How a transferor may exert his or her property rights in the event of a dispute with the beneficiary.

(4) Whether it would be more difficult for a person who has transferred a potential interest in the property by beneficiary deed to change his or her mind than if the property were devised by will to the transferee or transferred through a trust or other instrument.

(5) The tax implications of a beneficiary deed for the transferor, the transferee, and the general public as a result of the nonprobate transfer, including whether the property would be reassessed and if tax burdens would shift or decrease.

CHAPTER 423

An act to amend Sections 1522.41, 1569.3, and 1569.616 of, and to add Section 1562.35 to, the Health and Safety Code, relating to residential care facilities.

[Approved by Governor September 30, 2005. Filed with Secretary of State September 30, 2005.]

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

SECTION 1. Section 1522.41 of the Health and Safety Code is amended to read:

1522.41. (a) The director, in consultation and collaboration with county placement officials, group home provider organizations, the Director of Mental Health, and the Director of Developmental Services, shall develop and establish a certification program to ensure that administrators of group home facilities have appropriate training to provide the care and services for which a license or certificate is issued.

(b) (1) In addition to any other requirements or qualifications required by the department, an administrator of a group home facility shall successfully complete a department-approved certification program pursuant to subdivision (c) prior to employment. An administrator employed in a group home on the effective date of this section shall meet the requirements of paragraph (2) of subdivision (c).

(2) In those cases where the individual is both the licensee and the administrator of a facility, the individual shall comply with all of the licensee and administrator requirements of this section.

(3) Failure to comply with this section shall constitute cause for revocation of the license of the facility.

(4) The licensee shall notify the department within 10 days of any change in administrators.

(c) (1) The administrator certification programs shall require a minimum of 40 hours of classroom instruction that provides training on a uniform core of knowledge in each of the following areas:

(A) Laws, regulations, and policies and procedural standards that impact the operations of the type of facility for which the applicant will be an administrator.

(B) Business operations.

(C) Management and supervision of staff.

(D) Psychosocial and educational needs of the facility residents.

(E) Community and support services.

(F) Physical needs for facility residents.

(G) Administration, storage, misuse, and interaction of medication used by facility residents.

(H) Resident admission, retention, and assessment procedures, including the right of a foster child to have fair and equal access to all available services, placement, care, treatment, and benefits, and to not be subjected to discrimination or harassment on the basis of actual or perceived race, ethnic group identification, ancestry, national origin, color, religion, sex, sexual orientation, gender identity, mental or physical disability, or HIV status.

(I) Nonviolent emergency intervention and reporting requirements.

(2) The department shall adopt separate program requirements for initial certification for persons who are employed as group home administrators on the effective date of this section. A person employed as an administrator of a group home facility on the effective date of this section, shall obtain a certificate by completing the training and testing requirements imposed by the department within 12 months of the effective date of the regulations implementing this section. After the effective date of this section, these administrators shall meet the requirements imposed by the department on all other group home administrators for certificate renewal.

(3) Individuals applying for certification under this section shall successfully complete an approved certification program, pass a written test administered by the department within 60 days of completing the program, and submit to the department the documentation required by subdivision (d) within 30 days after being notified of having passed the test. The department may extend these time deadlines for good cause. The department shall notify the applicant of his or her test results within 30 days of administering the test.

(d) The department shall not begin the process of issuing a certificate until receipt of all of the following:

(1) A certificate of completion of the administrator training required pursuant to this chapter.

(2) The fee required for issuance of the certificate. A fee of one hundred dollars ($100) shall be charged by the department to cover the costs of processing the application for certification.

(3) Documentation from the applicant that he or she has passed the written test.

(4) Submission of fingerprints pursuant to Section 1522. The department may waive the submission for those persons who have a current clearance on file.

(5) That person is at least 21 years of age.

(e) It shall be unlawful for any person not certified under this section to hold himself or herself out as a certified administrator of a group home facility. Any person willfully making any false representation as being a certified administrator or facility manager is guilty of a misdemeanor.

(f) (1) Certificates issued under this section shall be renewed every two years and renewal shall be conditional upon the certificate holder submitting documentation of completion of 40 classroom hours of continuing education related to the core of knowledge specified in subdivision (c). For purposes of this section, an individual who is a group home facility administrator and who is required to complete the continuing education hours required by the regulations of the State Department of Developmental Services, and approved by the regional center, may have up to 24 of the required continuing education course hours credited toward the 40-hour continuing education requirement of this section. Community college course hours approved by the regional centers shall be accepted by the department for certification.

(2) Every administrator of a group home facility shall complete the continuing education requirements of this subdivision.

(3) Certificates issued under this section shall expire every two years on the anniversary date of the initial issuance of the certificate, except that any administrator receiving his or her initial certification on or after July 1, 1999, shall make an irrevocable election to have his or her recertification date for any subsequent recertification either on the date two years from the date of issuance of the certificate or on the individual's birthday during the second calendar year following certification. The department shall send a renewal notice to the certificate holder 90 days prior to the expiration date of the certificate. If the certificate is not renewed prior to its expiration date, reinstatement shall only be permitted after the certificate holder has paid a delinquency fee equal to three times the renewal fee and has provided evidence of completion of the continuing education required.

(4) To renew a certificate, the certificate holder shall, on or before the certificate expiration date, request renewal by submitting to the department documentation of completion of the required continuing

education courses and pay the renewal fee of one hundred dollars ($100), irrespective of receipt of the department's notification of the renewal. A renewal request postmarked on or before the expiration of the certificate shall be proof of compliance with this paragraph.

(5) A suspended or revoked certificate shall be subject to expiration as provided for in this section. If reinstatement of the certificate is approved by the department, the certificate holder, as a condition precedent to reinstatement, shall submit proof of compliance with paragraphs (1) and (2) of subdivision (f), and shall pay a fee in an amount equal to the renewal fee, plus the delinquency fee, if any, accrued at the time of its revocation or suspension. Delinquency fees, if any, accrued subsequent to the time of its revocation or suspension and prior to an order for reinstatement, shall be waived for a period of 12 months to allow the individual sufficient time to complete the required continuing education units and to submit the required documentation. Individuals whose certificates will expire within 90 days after the order for reinstatement may be granted a three-month extension to renew their certificates during which time the delinquency fees shall not accrue.

(6) A certificate that is not renewed within four years after its expiration shall not be renewed, restored, reissued, or reinstated except upon completion of a certification training program, passing any test that may be required of an applicant for a new certificate at that time, and paying the appropriate fees provided for in this section.

(7) A fee of twenty-five dollars ($25) shall be charged for the reissuance of a lost certificate.

(8) A certificate holder shall inform the department of his or her employment status and change of mailing address within 30 days of any change.

(g) Unless otherwise ordered by the department, the certificate shall be considered forfeited under either of the following conditions:

(1) The department has revoked any license held by the administrator after the department issued the certificate.

(2) The department has issued an exclusion order against the administrator pursuant to Section 1558, 1568.092, 1569.58, or 1596.8897, after the department issued the certificate, and the administrator did not appeal the exclusion order or, after the appeal, the department issued a decision and order that upheld the exclusion order.

(h) (1) The department, in consultation and collaboration with county placement officials, provider organizations, the State Department of Mental Health, and the State Department of Developmental Services, shall establish, by regulation, the program content, the testing instrument, the process for approving certification training programs, and criteria to be used in authorizing individuals, organizations, or educational

institutions to conduct certification training programs and continuing education courses. The department may also grant continuing education hours for continuing courses offered by accredited educational institutions that are consistent with the requirements in this section. The department may deny vendor approval to any agency or person in any of the following circumstances:

(A) The applicant has not provided the department with evidence satisfactory to the department of the ability of the applicant to satisfy the requirements of vendorization set out in the regulations adopted by the department pursuant to subdivision (j).

(B) The applicant person or agency has a conflict of interest in that the person or agency places its clients in group home facilities.

(C) The applicant public or private agency has a conflict of interest in that the agency is mandated to place clients in group homes and to pay directly for the services. The department may deny vendorization to this type of agency only as long as there are other vendor programs available to conduct the certification training programs and conduct education courses.

(2) The department may authorize vendors to conduct the administrator's certification training program pursuant to this section. The department shall conduct the written test pursuant to regulations adopted by the department.

(3) The department shall prepare and maintain an updated list of approved training vendors.

(4) The department may inspect certification training programs and continuing education courses to determine if content and teaching methods comply with regulations. If the department determines that any vendor is not complying with the requirements of this section, the department shall take appropriate action to bring the program into compliance, which may include removing the vendor from the approved list.

(5) The department shall establish reasonable procedures and timeframes not to exceed 30 days for the approval of vendor training programs.

(6) The department may charge a reasonable fee, not to exceed one hundred fifty dollars ($150) every two years, to certification program vendors for review and approval of the initial 40-hour training program pursuant to subdivision (c). The department may also charge the vendor a fee, not to exceed one hundred dollars ($100) every two years, for the review and approval of the continuing education courses needed for recertification pursuant to this subdivision.

(i) The department shall establish a registry for holders of certificates that shall include, at a minimum, information on employment status and criminal record clearance.

(j) Subdivisions (b) to (i), inclusive, shall be implemented upon regulations being adopted by the department, by January 1, 2000.

(k) Notwithstanding any provision of law to the contrary, vendors approved by the department who exclusively provide either initial or continuing education courses for certification of administrators of a group home facility as defined by regulations of the department, an adult residential facility as defined by regulations of the department, or a residential care facility for the elderly as defined in subdivision (k) of Section 1569.2, shall be regulated solely by the department pursuant to this chapter. No other state or local governmental entity shall be responsible for regulating the activity of those vendors.

SEC. 2. Section 1562.35 is added to the Health and Safety Code, immediately following Section 1562.3, to read:

1562.35. Notwithstanding any provision of law to the contrary, including, but not limited to Section 1562.3, vendors approved by the department who exclusively provide either initial or continuing education courses for certification of administrators of an adult residential facility as defined by regulations of the department, a group home facility as defined by regulations of the department, or a residential care facility for the elderly as defined in subdivision (k) of Section 1569.2, shall be regulated solely by the department pursuant to this chapter. No other state or local governmental entity shall be responsible for regulating the activity of those vendors.

SEC. 3. Section 1569.3 of the Health and Safety Code is amended to read:

1569.3. The license of any facility licensed as a residential facility for the elderly under the California Community Care Facilities Act provided for in Chapter 3 (commencing with Section 1500) on January 1, 1986, shall automatically be transferred for the unexpired term of the license to licensure as a residential care facility for the elderly under this chapter.

SEC. 4. Section 1569.616 of the Health and Safety Code is amended to read:

1569.616. (a) (1) An administrator of a residential care facility for the elderly shall be required to successfully complete a department approved certification program prior to employment.

(2) In those cases where the individual is both the licensee and the administrator of a facility, or a licensed nursing home administrator, the individual shall comply with the requirements of this section unless he

or she qualifies for one of the exemptions provided for in subdivision (b).

(3) Failure to comply with this section shall constitute cause for revocation of the license of the facility where an individual is functioning as the administrator.

(4) The licensee shall notify the department within 30 days of any change in administrators.

(b) Individuals seeking exemptions under paragraph (2) of subdivision (a) shall meet the following criteria and fulfill the required portions of the certification program, as the case may be:

(1) An individual designated as the administrator of a residential care facility for the elderly who holds a valid license as a nursing home administrator issued in accordance with Chapter 2.35 (commencing with Section 1416) of Division 2 of the Health and Safety Code shall be required to complete the areas in the uniform core of knowledge required by this section that pertain to the law, regulations, policies, and procedural standards that impact the operations of residential care facilities for the elderly, the use, misuse, and interaction of medication commonly used by the elderly in a residential setting, and resident admission, retention, and assessment procedures, equal to 12 hours of classroom instruction. An individual meeting the requirements of this paragraph shall not be required to take a written test.

(2) In those cases where the individual was both the licensee and administrator on or before July 1, 1991, the individual shall be required to complete all the areas specified for the certification program, but shall not be required to take the written test required by this section. Those individuals exempted from the written test shall be issued a conditional certification that is valid only for the administrator of the facility for which the exemption was granted.

(A) As a condition to becoming an administrator of another facility, the individual shall be required to pass the written test provided for in this section.

(B) As a condition to applying for a new facility license, the individual shall be required to pass the written test provided for in Section 1569.23.

(c) (1) The administrator certification program shall require a minimum of 40 hours of classroom instruction that provides training on a uniform core of knowledge in each of the following areas:

(A) Laws, regulations, and policies and procedural standards that impact the operations of residential care facilities for the elderly.

(B) Business operations.

(C) Management and supervision of staff.

(D) Psychosocial needs of the elderly.

(E) Community and support services.

(F) Physical needs for elderly persons.

(G) Use, misuse, and interaction of medication commonly used by the elderly.

(H) Resident admission, retention, and assessment procedures.

(I) Training focused specifically on serving clients with dementia. This training shall be for at least four hours.

(2) Individuals applying for certification under this section shall successfully complete an approved certification program, pass a written test administered by the department within 60 days of completing the program, and submit the documentation required by subdivision (d) to the department within 30 days of being notified of having passed the test. The department may extend these time deadlines for good cause. The department shall notify the applicant of his or her test results within 30 days of administering the test.

(d) The department shall not begin the process of issuing a certificate until receipt of all of the following:

(1) A certificate of completion of the administrator training required pursuant to this chapter.

(2) The fee required for issuance of the certificate. A fee of one hundred dollars ($100) shall be charged by the department to cover the costs of processing the application for certification.

(3) Documentation of passing the written test or of qualifying for an exemption pursuant to subdivision (b).

(4) Submission of fingerprints. The department and the Department of Justice shall expedite the criminal record clearance for holders of certificates of completion. The department may waive the submission for those persons who have a current criminal record clearance on file.

(e) It shall be unlawful for any person not certified under this section to hold himself or herself out as a certified administrator of a residential care facility for the elderly. Any person willfully making any false representation as being a certified administrator is guilty of a misdemeanor.

(f) (1) Certificates issued under this section shall be renewed every two years and renewal shall be conditional upon the certificate holder submitting documentation of completion of 40 hours of continuing education related to the core of knowledge specified in paragraph (1) of subdivision (c). No more than one-half of the required 40 hours of continuing education necessary to renew the certificate may be satisfied through online courses. For purposes of this section, individuals who hold a valid license as a nursing home administrator issued in accordance with Chapter 2.35 (commencing with Section 1416) of Division 2 of the Health and Safety Code and meet the requirements of paragraph (1) of

subdivision (b) shall only be required to complete 20 hours of continuing education.

(2) Every certified administrator of a residential care facility for the elderly is required to renew his or her certificate and shall complete the continuing education requirements of this subdivision whether he or she is certified according to subdivision (a) or (b). At least eight hours of the 40-hour continuing education requirement for a certified administrator of a residential care facility for the elderly shall include instruction on serving clients with dementia, including, but not limited to, instruction related to direct care, physical environment, and admissions procedures and assessment.

(3) Certificates issued under this section shall expire every two years, on the anniversary date of the initial issuance of the certificate, except that any administrator receiving his or her initial certification on or after January 1, 1999, shall make an irrevocable election to have his or her recertification date for any subsequent recertification either on the date two years from the date of issuance of the certificate or on the individual's birthday during the second calendar year following certification. The department shall send a renewal notice to the certificate holder 90 days prior to the expiration date of the certificate. If the certificate is not renewed prior to its expiration date, reinstatement shall only be permitted after the certificate holder has paid a delinquency fee equal to three times the renewal fee and has provided evidence of completion of the continuing education required.

(4) To renew a certificate, the certificate holder shall, on or before the certificate expiration date, request renewal by submitting to the department documentation of completion of the required continuing education courses and pay the renewal fee of one hundred dollars ($100), irrespective of receipt of the department's notification of the renewal. A renewal request postmarked on or before the expiration of the certificate is proof of compliance with this paragraph.

(5) A suspended or revoked certificate is subject to expiration as provided for in this section. If reinstatement of the certificate is approved by the department, the certificate holder, as a condition precedent to reinstatement, shall pay a fee in an amount equal to the renewal fee, plus the delinquency fee, if any, accrued at the time of its revocation or suspension.

(6) A certificate that is not renewed within four years after its expiration shall not be renewed, restored, reissued, or reinstated except upon completion of a certification program, passing any test that may be required of an applicant for a new certificate at that time, and paying the appropriate fees provided for in this section.

(7) A fee of twenty-five dollars ($25) shall be charged for the reissuance of a lost certificate.

(8) A certificate holder shall inform the department of his or her employment status within 30 days of any change.

(g) The department may revoke a certificate issued under this section for any of the following:

(1) Procuring a certificate by fraud or misrepresentation.

(2) Knowingly making or giving any false statement or information in conjunction with the application for issuance of a certificate.

(3) Criminal conviction unless an exemption is granted pursuant to Section 1569.17.

(h) The certificate shall be considered forfeited under either of the following conditions:

(1) The administrator has had a license revoked, suspended, or denied as authorized under Section 1569.50.

(2) The administrator has been denied employment, residence, or presence in a facility based on action resulting from an administrative hearing pursuant to Section 1569.58.

(i) (1) The department shall establish, by regulation, the program content, the testing instrument, the process for approving certification programs, and criteria to be used in authorizing individuals, organizations, or educational institutions to conduct certification programs and continuing education courses. These regulations shall be developed in consultation with provider and consumer organizations, and shall be made available at least six months prior to the deadline required for certification. The department may deny vendor approval to any agency or person that has not provided satisfactory evidence of their ability to meet the requirements of vendorization set out in the regulations adopted pursuant to subdivision (j).

(2) (A) A vendor of online programs for continuing education shall ensure that each online course contains all of the following:

(i) An interactive portion where the participant receives feedback, through online communication, based on input from the participant.

(ii) Required use of a personal identification number or personal identification information to confirm the identity of the participant.

(iii) A final screen displaying a printable statement, to be signed by the participant, certifying that the identified participant completed the course. The vendor shall obtain a copy of the final screen statement with the original signature of the participant prior to the issuance of a certificate of completion. The signed statement of completion shall be maintained by the vendor for a period of three years and be available to the department upon demand. Any person who certifies as true any

material matter pursuant to this section that he or she knows to be false is guilty of a misdemeanor.

(B) Nothing in this subdivision shall prohibit the department from approving online programs for continuing education that do not meet the requirements of subparagraph (A) if the vendor demonstrates to the department's satisfaction that, through advanced technology, the course and the course delivery meet the requirements of this section.

(3) The department may authorize vendors to conduct the administrator certification training program pursuant to provisions set forth in this section. The department shall conduct the written test pursuant to regulations adopted by the department.

(4) The department shall prepare and maintain an updated list of approved training vendors.

(5) The department may inspect training programs, continuing education courses, and online courses, at no charge to the department, in order to determine if content and teaching methods comply with paragraphs (1) and (2), if applicable, and with regulations. If the department determines that any vendor is not complying with the intent of this section, the department shall take appropriate action to bring the program into compliance, which may include removing the vendor from the approved list.

(6) The department shall establish reasonable procedures and timeframes, not to exceed 30 days, for the approval of vendor training programs.

(7) The department may charge a reasonable fee, not to exceed one hundred fifty dollars ($150) every two years, to certification program vendors for review and approval of the initial 40-hour training program pursuant to subdivision (c). The department may also charge the vendor a fee, not to exceed one hundred dollars ($100) every two years, for the review and approval of the continuing education courses needed for recertification pursuant to this subdivision.

(j) This section shall be operative upon regulations being adopted by the department to implement the administrator certification program as provided for in this section.

(k) The department shall establish a registry for holders of certificates that shall include, at a minimum, information on employment status and criminal record clearance.

(*l*) Notwithstanding any provision of law to the contrary, vendors approved by the department who exclusively provide either initial or continuing education courses for certification of administrators of a residential care facility for the elderly, as defined in subdivision (k) of Section 1569.2, a group home facility, as defined by regulations of the department, or an adult residential care facility, as defined by regulations

of the department, shall be regulated solely by the department pursuant to this chapter. No other state or local governmental entity shall be responsible for regulating the activity of those vendors.

CHAPTER 424

An act to amend Section 1708.8 of the Civil Code, relating to legal obligations.

[Approved by Governor September 30, 2005. Filed with Secretary of State September 30, 2005.]

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

SECTION 1. Section 1708.8 of the Civil Code is amended to read:

1708.8. (a) A person is liable for physical invasion of privacy when the defendant knowingly enters onto the land of another person without permission or otherwise committed a trespass in order to physically invade the privacy of the plaintiff with the intent to capture any type of visual image, sound recording, or other physical impression of the plaintiff engaging in a personal or familial activity and the physical invasion occurs in a manner that is offensive to a reasonable person.

(b) A person is liable for constructive invasion of privacy when the defendant attempts to capture, in a manner that is offensive to a reasonable person, any type of visual image, sound recording, or other physical impression of the plaintiff engaging in a personal or familial activity under circumstances in which the plaintiff had a reasonable expectation of privacy, through the use of a visual or auditory enhancing device, regardless of whether there is a physical trespass, if this image, sound recording, or other physical impression could not have been achieved without a trespass unless the visual or auditory enhancing device was used.

(c) An assault committed with the intent to capture any type of visual image, sound recording, or other physical impression of the plaintiff is subject to subdivisions (d), (e), and (h).

(d) A person who commits any act described in subdivision (a), (b), or (c) is liable for up to three times the amount of any general and special damages that are proximately caused by the violation of this section. This person may also be liable for punitive damages, subject to proof according to Section 3294. If the plaintiff proves that the invasion of privacy was committed for a commercial purpose, the defendant shall

also be subject to disgorgement to the plaintiff of any proceeds or other consideration obtained as a result of the violation of this section.

(e) A person who directs, solicits, actually induces, or actually causes another person, regardless of whether there is an employer-employee relationship, to violate any provision of subdivision (a), (b), or (c) is liable for any general, special, and consequential damages resulting from each said violation. In addition, the person that directs, solicits, instigates, induces, or otherwise causes another person, regardless of whether there is an employer-employee relationship, to violate this section shall be liable for punitive damages to the extent that an employer would be subject to punitive damages pursuant to subdivision (b) of Section 3294.

(f) Sale, transmission, publication, broadcast, or use of any image or recording of the type, or under the circumstances, described in this section shall not itself constitute a violation of this section, nor shall this section be construed to limit all other rights or remedies of plaintiff in law or equity, including, but not limited to, the publication of private facts.

(g) This section shall not be construed to impair or limit any otherwise lawful activities of law enforcement personnel or employees of governmental agencies or other entities, either public or private who, in the course and scope of their employment, and supported by an articulable suspicion, attempt to capture any type of visual image, sound recording, or other physical impression of a person during an investigation, surveillance, or monitoring of any conduct to obtain evidence of suspected illegal activity, the suspected violation of any administrative rule or regulation, a suspected fraudulent insurance claim, or any other suspected fraudulent conduct or activity involving a violation of law or pattern of business practices adversely affecting the public health or safety.

(h) In any action pursuant to this section, the court may grant equitable relief, including, but not limited to, an injunction and restraining order against further violations of subdivision (a) or (b).

(i) The rights and remedies provided in this section are cumulative and in addition to any other rights and remedies provided by law.

(j) It is not a defense to a violation of this section that no image, recording, or physical impression was captured or sold.

(k) For the purposes of this section, "for a commercial purpose" means any act done with the expectation of a sale, financial gain, or other consideration. A visual image, sound recording, or other physical impression shall not be found to have been, or intended to have been captured for a commercial purpose unless it is intended to be, or was in fact, sold, published, or transmitted.

(*l*) For the purposes of this section, "personal and familial activity" includes, but is not limited to, intimate details of the plaintiff's personal

life, interactions with the plaintiff's family or significant others, or other aspects of plaintiff's private affairs or concerns. Personal and familial activity does not include illegal or otherwise criminal activity as delineated in subdivision (f). However, "personal and familial activity" shall include the activities of victims of crime in circumstances where either subdivision (a) or (b), or both, would apply.

(m) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

CHAPTER 425

An act to amend Sections 22101 and 22103 of, and to add Section 22101.5 to, the Financial Code, relating to finance lenders.

[Approved by Governor September 30, 2005. Filed with Secretary of State September 30, 2005.]

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

SECTION 1. Section 22101 of the Financial Code is amended to read:

22101. (a) An application for a license under this division shall be in the form and contain the information that the commissioner may by rule require and shall be filed upon payment of the fee specified in Section 22103.

(b) Notwithstanding any other provision of law, an applicant who does not currently hold a license under this division shall furnish with his or her application, a full set of fingerprints and related information for purposes of the commissioner conducting a criminal history record check. The commissioner shall obtain and receive criminal history information from the Department of Justice and the Federal Bureau of Investigation pursuant to Section 22101.5.

(c) Nothing in this section shall be construed to prevent a licensee from engaging in the business of a finance lender through a subsidiary corporation if the subsidiary corporation is licensed pursuant to this division.

(d) For purposes of this section, "subsidiary corporation" means a corporation that is wholly owned by a licensee.

(e) A new application shall not be required for a change in the address of an existing location previously licensed under this division. However, the licensee shall comply with the requirements of Section 22153.

SEC. 2. Section 22101.5 is added to the Financial Code, to read:

22101.5. (a) The commissioner shall submit to the Department of Justice fingerprint images and related information required by the Department of Justice of all license candidates, as defined by subdivision (a) of Section 22101, for purposes of obtaining information as to the existence and content of a record of state or federal convictions, state or federal arrests, and information as to the existence and content of a record of state or federal arrests for which the Department of Justice establishes that the person is free on bail or on his or her own recognizance pending trial or appeal.

(b) When received, the Department of Justice shall forward to the Federal Bureau of Investigation requests for federal summary criminal history information received pursuant to this section. The Department of Justice shall review the information returned from the Federal Bureau of Investigation and compile and disseminate a response to the commissioner.

(c) The Department of Justice shall provide a response to the commissioner pursuant to paragraph (1) of subdivision (p) of Section 11105 of the Penal Code.

(d) The commissioner shall request from the Department of Justice subsequent arrest notification service, as provided pursuant to Section 11105.2 of the Penal Code, for license candidates described in subdivision (a).

(e) The Department of Justice shall charge a fee sufficient to cover the costs of processing the requests pursuant to this section.

(f) This section shall become operative on July 1, 2006.

SEC. 3. Section 22103 of the Financial Code is amended to read:

22103. At the time of filing the application, the applicant shall pay to the commissioner the sum of one hundred dollars ($100) as a fee for investigating the application, plus the cost of fingerprint processing and the criminal history record check under Section 22101.5, and two hundred dollars ($200) as an application fee. The investigation fee, including the amount for the criminal history record check, and the application fee are not refundable if an application is denied or withdrawn.

CHAPTER 426

An act to amend Section 1748.1 of the Civil Code, and to add Section 755 to the Public Utilities Code, relating to public utilities.

[Approved by Governor September 30, 2005. Filed with
Secretary of State September 30, 2005.]

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

SECTION 1. Section 1748.1 of the Civil Code is amended to read:

1748.1. (a) No retailer in any sales, service, or lease transaction with a consumer may impose a surcharge on a cardholder who elects to use a credit card in lieu of payment by cash, check, or similar means. A retailer may, however, offer discounts for the purpose of inducing payment by cash, check, or other means not involving the use of a credit card, provided that the discount is offered to all prospective buyers.

(b) Any retailer who willfully violates this section by imposing a surcharge on a cardholder who elects to use a credit card and who fails to pay that amount to the cardholder within 30 days of a written demand by the cardholder to the retailer by certified mail, shall be liable to the cardholder for three times the amount at which actual damages are assessed. The cardholder shall also be entitled to recover reasonable attorney's fees and costs incurred in the action.

A cause of action under this section may be brought in small claims court, if it does not exceed the jurisdiction of that court, or in any other appropriate court.

(c) A consumer shall not be deemed to have elected to use a credit card in lieu of another means of payment for purposes of this section in a transaction with a retailer if only credit cards are accepted by that retailer in payment for an order made by a consumer over a telephone, and only cash is accepted at a public store or other facility of the same retailer.

(d) Charges for third-party credit card guarantee services, when added to the price charged by the retailer if cash were to be paid, shall be deemed surcharges for purposes of this section even if they are payable directly to the third party or are charged separately.

(e) It is the intent of the Legislature to promote the effective operation of the free market and protect consumers from deceptive price increases for goods and services by prohibiting credit card surcharges and encouraging the availability of discounts by those retailers who wish to offer a lower price for goods and services purchased by some form of payment other than credit card.

(f) This section does not apply to charges for payment by credit card or debit card that are made by an electrical, gas, or water corporation and approved by the Public Utilities Commission pursuant to Section 755 of the Public Utilities Code.

SEC. 2. Section 755 is added to the Public Utilities Code, to read:

755. (a) It is the intent of the Legislature that:

(1) An electrical, gas, or water corporation that offers customers credit card or debit card payment options, may recover the reasonable expenses incurred by the electrical, gas, or water corporation for providing the customers the option of paying their bills by credit card or debit card.

(2) Only the customers that choose to use these payment options incur the additional charge and that no portion of the expense is shifted to customers that do not choose to pay a bill by credit card or debit card, unless and until the commission determines that the savings to ratepayers exceeds the net cost of accepting those cards.

(3) The acceptance of credit cards or debit cards neither increases nor decreases the profitability of the electrical, gas, or water corporation.

(b) An electrical, gas, or water corporation may offer credit card and debit card bill payment options, if approved by the commission. The electrical, gas, or water corporation may recover reasonable transaction costs incurred by the electrical, gas, or water corporation only from those customers that choose to pay by those payment options.

(c) The commission shall determine through existing regulatory mechanisms the reasonableness of transaction costs charged to customers that choose to pay an electrical, gas, or water corporation by a credit card or debit card bill payment option pursuant to this section. The commission shall determine how any associated costs or potential savings as a result of those customers paying by the credit card or debit card payment option shall be passed on to electrical, gas, or water corporation customers. In determining how these savings or costs are passed on to customers, the commission shall do the following:

(1) The transaction costs that are passed on to customers pursuant to subdivision (b) shall be offset by any savings in transaction costs the electrical, gas, or water corporation derives as a result of those customers paying by credit card and debit card.

(2) If the commission determines that the use of credit cards and debit cards results in no net cost to the electrical, gas, or water corporation, there shall be no individual customer transaction fee as provided for in subdivision (b).

(3) If the commission determines that the savings to the electrical, gas, or water corporation exceeds the costs to the electrical, gas, or water corporation, the net savings shall be passed on to electrical, gas, or water corporation customers.